

are demanding payment and then establish that, in fact, they have not been paid.

Mr. Winch: I have just one question. Mr. Henderson, is my analysis correct that the federal treasury actually paid \$6,000 for a \$3,000 bill? Is that correct?

Mr. Henderson: That is correct, Mr. Winch. That is precisely the situation. I do not disagree with that.

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Mr. Flemming: My question to Mr. Henderson is, who makes the regulation by which we must pay in cash in the country where the embassy is located? Is it the transportation company? I think the people who pay the bill should have something to say about how they get the foreign exchange. I am impressed by Dr. McLean's remarks and I am sure you are anxious, Mr. Henderson, that regulations be established by which this would be impossible in the future.

Mr. Henderson: Mr. Flemming, in our experience the Department is quite punctilious about this, but nevertheless I am sure were they here as witnesses they would tell you that they also must adapt themselves in certain cases to the conditions they find, and it is just not the practice in this country to pay bills by cheque in the way we do here. It may be ...

An hon. Member: Or give receipts?

Mr. Henderson: ... being changed. In this case receipts were not being taken; we found that. They could have been obtained, I suppose, under certain circumstances but this is another reason why, in posts of this type, I think it is desirable that somebody stop by for a few days and go over the entire picture.

Mr. Winch: Do you recommend that all payments be made by cheque so that you have...

Mr. Henderson: Oh, positively. That is one of our standard practices but you have to adapt to the circumstances in some of these other areas.

Mr. Winch: Do you mean that they will not accept our cheques?

Mr. Henderson: Well, they just do not have a system whereby you can pay bills with cheques. It is a cash proposition, not only for us but for all countries. That happens to be the way of doing business, as it was explained to me. Is that not right, Mr. Stokes?

Mr. Stokes: That is right.

Mr. McLean (Charlotte): Mr. Chairman, we have a system that when accounts come into the auditor's office, as I understand they do come in, receipts should be attached, and that is the time to nail them.

An hon. Member: Or affidavits, or something like that.

Mr. Henderson: Well, the system broke down in this case, as has been explained. We are watching and working with the Department to see that these holes are plugged. You learn by experience and this is precisely what has happened.

The Chairman: Mr. Stafford has a question and then Mr. Forbes.

Mr. Stafford: What was being transported for this sum of approximately \$3,000?

Mr. Henderson: I think this was the furniture and effects of officers returning to Canada. It was for the transportation of our own officials.

Mr. Stafford: What would be the total budget of the embassy in Belgrade?

Mr. Henderson: We would have to look in the Public Accounts for that.

Mr. Stafford: What percentage of the total budget would this be?

The Chairman: Are there any further questions while they are looking it up?

Mr. Stafford: I just want to go into that for a minute to see whether any such misappropriation is obvious or would have been obvious. I want to ask you a question. You said a few minutes ago that the money could not be accounted for but the matter was reported back to the Department. I take it was reported back to the Department before you knew about it.

Mr. Henderson: It was reported back to the Department by my officers on completion of the audit visit.

Mr. Stafford: I take it that the Department is well aware of how these moneys are spent.

Mr. Henderson: Oh, completely.

Mr. Stafford: And it would be rather obvious in their limited budget. I take it there is strict control over the budget, is there not?