

May 1, 1885, interest on acc. from 30th	309 90
Nov. 1, 1885, interest on acc. from 31st	314 75
May 30, 1886, interest on acc. from 30th	313 25
Nov. 1, 1885, interest on acc. from 30th	16 85
June 24, 1885, interest on acc. from 30th	
May, 1886, interest on acc. from 30th	
Total unaccounted for.....	\$1,405 75
Add interest on election deposits drawn by Mr. Walker—see report dated 23 April, 1888.....	53 25
	\$1,459 00

Memo.—The bank-book not being forthcoming we obtained the above statement over the signature of the Manager of the Imperial Bank.

WINNIPEG, 19th April, 1888.

The Hon. Lyman M. Jones, Provincial Treasurer.

SIR,—We have the honor to report, with regard to the Court of Chancery accounts, that we find no books from the establishment of the Court of Queen's Bench in August, 1872, to February, 1878, and are informed that Mr. Daniel Carey, then Prothonotary, took the books away with him when he ceased to occupy the office of Prothonotary, on the ground that the books were purchased and paid for by himself, and consequently his own private property. There is no means, therefore, of getting at the receipts and payments during that period except by recovering the books from Mr. Carey, or writing up another set of books from the records, etc., of the court.

A rough cash book was commenced on 12th February, 1878, by Mr. Allan Macdonald, late Prothonotary, and continued to the 21st June, 1878, when it appears to have been discontinued, and recommenced on the 1st January, 1880, and continued to 12th April, 1881, on which date it ceased altogether, and shows a balance of \$19,476.91 which should be the balance at credit of the court in the bank, or in the hands of the Prothonotary, as no entries or deposits appear in the cash book.

Should it be decided to have a new set of books written up from August, 1872, it is very probable that it may be found necessary to continue them to the 9th December, 1881, the date on which Mr. Allan Macdonald handed over an amount of \$5,093.50 which is presumed to have been the balance of court funds then in his hands; although we have no means of verifying the accuracy of such balance, or accounting for the difference between it and the above mentioned cash book balance of \$19,476.91 except by going through the details of the court records, &c. The only bank cash book found by us commenced on the 15th November, 1881. With this book we have compared the deposit entries with the counterpart of the "Director's Order Book" down to date and found them to correspond. We have also checked the withdrawals with the counterpart of the check book down to the end of July, 1883, when the court funds came under control of the Provincial Treasurer, and found them to correspond.

Previous to November, 1881, we are unable to say how the matter of interest was dealt with, but since then down to date it appears to have gone on accumulating in the bank balances.

We would like to be advised as to the course to be pursued in regard to the chancery accounts during the period referred to, viz: from August, 1872, to December, 1881.

We have, &c.
(Sd.) John McDonald, } Special Auditors.
(Sd.) Alex. Moffat,
Hon. Lyman M. Jones
Provincial Treasurer.

This report would show how difficult it was in the different departments to find a foundation upon which to start to audit the books with any certainty that the result was correct when finished. It was intended to go back three or four years, but the auditors found it impossible to commence at that point, because books were not available. During the period from 1882-85 the bank account of the Court of Queen's Bench was kept in the name of the prothonotary, during which he drew out accrued interest amounting to \$1,450 and applied it to himself. That instance would give some idea of the difficulty of making an audit, and of the necessity that arose for an audit. As to the position of the books found by himself

IN HIS OWN DEPARTMENT

the statement that had been made was quite correct, that from October 1st, 1885, to January 1st, 1887, a period of 15 months, not one single entry had been made in the cash-book of the treasury department. True, after the 1st of January, and before the 1st of July entries were got up, so that at the end of the year there was brought down what purported to be a correct statement, but during that period the entries would require to be made from the stubs of cheque books or other memoranda. Hethought the House would agree with him that if any business firms kept their books in the same manner, it would not be many months—he thought not fifteen months—unless they had very large capital, until their affairs would be in the hands of a receiver. From the 1st of July last until the 15th of January, although the department was provided with a beautiful cash-book, specially made, there was not a single entry in it for this period of nearly eight months. In order to make entries in writing up the book after he took charge of the department, it was necessary to go back to the stubs of the cheque books which had been carefully preserved by the deputy treasurer. During the past 3½ months, along with a great deal of work in preparing Legislation, and without extra assistance, the books had been caught up until the Government were able to have a statement laid before the provincial treasurer every fifteen days, of every single account that has passed through the treasury of the province. (Applause.) He mentioned this to show that he did not think it at all necessary that the books of the department should linger behind in the manner they did, unless for reasons other than those stated in the office books.

IN THE AUDIT OFFICE

about the same state of affairs was found. The appropriation book kept by the auditor was the most important book in the building, because the auditor was supposed to be appointed by the House. His duties were laid down by statute, and it was very clearly necessary that he should refuse to allow any account to pass

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