

Mr. CARMICHAEL: That does not answer the point I raised, whether the department would think it advisable to do their own printing and engraving.

Mr. ROBB: No, I should say from my short experience in the department that we are getting the work done just as cheaply as it could be done by the government itself. I am not sure it is not being done cheaper.

Mr. MANION: Some time ago I heard it stated that large supplies of excise stamps, for instance, were printed a great deal in advance of requirements. Is there any truth in that?

Mr. ROBB: We carry, I think, a six-months' supply, but I should not think the department would be authorized to go beyond at least a year's requirements.

Mr. MARCIL (Bonaventure): Is it the intention to substitute the new nickel completely in place of the old five cent piece? The new nickel is of such a size that it may become mixed up with the twenty-five cent piece. We have too much small coin. We have the old five cent piece, the new nickel, the ten cent piece and the twenty-five cent piece. There is a greater difference between the old five cent piece and the twenty-five cent piece than there is between the new nickel and the twenty-five cent piece.

Mr. ROBB: This is a matter that comes under the Mint. I have heard some objection to the new coin. I will look into the matter after the session, when I get time.

Mr. GOOD: There will be an opportunity to discuss the question of coinage on another estimate?

The CHAIRMAN: Yes, on the estimates for the Mint.

Mr. SPENCER: With regard to the quantities of notes kept ready for the government by the printers, I think the government is very wise to have a supply on hand. I suppose there are government officials in the printing department who check up the various amounts of notes that are printed and in stock?

Mr. ROBB: Yes, we have a very complete method of control. From the evidence reported in the press as having been given yesterday before the Public Accounts committee by the Auditor General, there might be an impression that there is not a complete audit in the system, but there is a very thorough audit within the Finance Department. In order that hon. members may have it before them, I think I had better put on record a complete statement of the methods employed

in this connection. The statement is as follows:

Treasury board minutes passed in 1881 and 1910, authorized a certain procedure in connection with the management of Dominion currency and the audit thereof by the Auditor General. Naturally the growth of business in the interval has rendered obsolete many of the provisions of these orders, and as a consequence, a revised departmental procedure and system of verification and check as between the various branches at Ottawa and the offices of the Assistant Receivers General throughout the country came into effect. A complete control is maintained and an internal audit is made by an experienced staff.

I may say here that we audit up every night before the staff leaves. If hon. gentlemen would care to go through the department and observe personally the system that is followed, I should be glad to have someone take them through—though not all at once; we would not like to take more than four or five at a time. The members of the staff are all locked inside there and no one is allowed to leave until a complete balance is made at the end of the day. The statement continues:

The present system was approved of by Messrs. Edwards Morgan and Company, chartered accountants of Toronto, in connection with the audit and supervision of departmental practice which they conducted in 1921 and 1922.

The Treasury board in January 1925, passed a minute, copy attached, outlining in detail the procedure at present followed by the Department of Finance. The following is quoted therefrom:—

"The board are of the opinion that the procedure outlined above is well designed for the protection of the currency and direct that the said procedure be recognized as the one to be followed in the management of the Dominion Currency.

"It appears to the board that down to the point where worn or mutilated notes are received by the department to be destroyed, no further check is required than that provided for as above described, but that before the said worn or mutilated notes are destroyed they should be examined by the Auditor General as prescribed by section 17 of the Consolidated Revenue and Audit Act."

The Auditor General has not made an audit of the note reserves held at Ottawa since some years prior to the commencement of the war, nor has he made any requests to do so. From 1910 to 1913, the Auditor General's department sent officials to our outside offices, at which stores of notes and gold are kept. Men inexperienced in handling securities, unfamiliar with vault combinations, and incapable of assuming the full control necessary to make an effective audit were sent on these inspection trips. The inspection was valueless, and the result was to create a bad impression on the staff of our offices. During the war the audit of outside offices by the Auditor General was discontinued, and no requests had since been made by him for facilities from the Department of Finance in that connection. It is apparent, therefore, that the only audit of currency which the Auditor General has been conducting is that of redeemed notes for destruction, as called for by the Audit Act. This audit has been a casual one—

I would ask the hon. gentleman to observe this:

This audit has been a casual one, so casual that under it a trusted official of the Department of Finance, using it as a cover, was able to manipulate notes in course of