12.9 In 1969, Parliament ended the independent pre-audit of the Comptroller of the Treasury and departmental managers became fully responsible for their expenditures. In that same year, amendments to the Financial Administration Act transformed the Comptroller of the Treasury's audit group into a central service, as one of the components of the Services sector of the new Department of Supply and Services. The Audit Services Bureau has expanded greatly since 1971 when cost-recovery was introduced and departments have been able to obtain its services almost on demand, thereby permitting managers to buy auditing off-the-shelf without the necessity of giving careful thought to their real needs.

12.10 **Actions since 1969.** The elimination of the independent pre-audit of the Comptroller of the Treasury removed the principal means by which central agencies such as the Treasury Board ensured compliance with their rules and regulations. No longer could these agencies have any confidence that departmental managers adhered to the financial and other rules that they had prescribed. In the absence of an effective system of sanctions for poor management, the Treasury Board sought other means for evaluating departmental adherence to the Government's policies. Groups within each branch, and often even within divisions of the Treasury Board Secretariat, undertook reviews of departmental compliance with their policies. At the same time, the Treasury Board Secretariat established a new Planning Branch to promote, among other things, performance measurement and the evaluation of program effectiveness.

12.11 The Treasury Board also gave the Planning Branch responsibility for co-ordinating all evaluative efforts, including internal audit which it largely neglected. Because of this neglect, the Guide on Financial Administration, issued by the Administrative Policy Branch in 1973, unlike its 1966 predecessor, dealt only with financial audit (except for a guideline calling for the financial audit to be part of any operational audit or management review function) thereby unnecessarily restricting the scope of auditing previously established.

12.12 **Financial Management and Control Study.** Although Government policy since Glassco recognized internal audit as an important element in the managerial control process, this Office's 1975 Financial Management and Control Study found that: some departments had no internal audit function; internal auditors were often diverted to other duties; coverage was not consistent or comprehensive; and staff was not sufficiently trained or familiar with its responsibilities. The 1975 Report recommended, and the Government accepted, that:

> "The central agency of the government responsible for prescribing the standards, scope and coverage of departmental financial audits should give greater emphasis to monitoring departmental internal audits so as to encourage greater adherence to the standards".