

The Auditor General also mentioned that the guidelines in the Treasury Board manual "Guide on Financial Administration for Departments and Agencies of the Government of Canada" tabled in this Committee December 6, 1973 have been of prime assistance in carrying out their examinations.

Your Committee recommends that all Departments adhere strictly to the guidelines contained in the Treasury Board manual as they constitute the basis for Parliamentary control of expenditure.

PARAGRAPH 65—Deficiencies in financial controls for the Maritime Pollution Claims Fund.

(See *Minutes of Proceedings and Evidence, Issue No. 18, dated February 27, 1975*).

This Fund was established February 15, 1972, by amendment R.S. (2nd Supp.), C.27, to the Canada Shipping Act, and was intended to be used to cover claims for losses caused by pollutants discharged from vessels in Canadian waters. Under the Act, levies are assessed against carriers of oil in bulk landed at or shipped from a port in Canada. Collections to March 31, 1974 were \$17.4 million but no claims had been received or paid. The Department of Transport provides administrative support at no cost to the Fund.

The Department of National Revenue (Customs and Excise) collects levies imposed on oil imports and exports, remitting them to the Department of Transport for credit to the Fund. On the other hand, collection for domestic oil shipments depends on the voluntary declarations of the shippers since they are not reported to Customs and Excise.

Your Committee is concerned at the rather loose administration methods and financial controls on this fund which the Auditor General has noted:

1. Shippers are permitted to defer payment on provision of adequate surety bonds. However, Customs and Excise is not advised by Transport as to the acceptability of the security described by the shippers on the levy declaration when requesting deferment.
2. Transport records do not provide cumulative data on amounts payable by shippers, hence the adequacy of surety bonds cannot be verified.
3. Certain surety bonds submitted by shippers had expired and renewals were neither requested nor received.
4. Numerous requests have been received to define "oil" under the Act but to date no official ruling has been made. As a result some shippers refuse to pay the levy.
5. Levy refunds are not always adequately documented. Refunds should be requested through Customs and Excise at the port where documentation supporting the original levy declaration was filed.

6. Legislation creating the Fund does not authorize officers of the Crown to have access to shippers' books and records. Consequently, no effective audit can be undertaken to verify proper assessment and collection of levies payable under the Act.

Your Committee recommends that consideration be given to immediate corrective action to overcome the faults reported by the Auditor General.

Your Committee also recommends that the Government give consideration to setting a dollar limit on the Fund after which the levies would be adjusted or dropped.

PARAGRAPH 66—Recovery of capital expenditures credited to operations.

(See *Minutes of Proceedings and Evidence, Issue No. 18, dated February 27, 1975*).

The Department of Transport has several agreements with major users of public wharves whereby the users contribute over a period of time to the cost of establishing the facilities. In some cases, the amounts the Department receives are credited to an operations vote and are therefore available for spending. In other cases the amounts are recorded as revenues of Canada.

The Department states that it included these receipts in estimates of receipts and revenues to be used to supplement its operations vote, in spite of the fact that the Auditor General maintains that money received as recovery of expenditure from a capital vote should not be used for operating purposes. The Auditor General in his Report also states that as the Department did not identify the extraordinary nature of these receipts in its Estimates presentation, he questions the Department's view that this exception has been authorized.

Your Committee is concerned that revenue from investments is included with revenue from operations. Any endeavours that can be made to clearly separate capital receipts from revenue will receive the full support of the Committee.

Your Committee notes that the Secretary of the Treasury Board states in his letter to the Chairman of the Committee (*See Appendix "Y", Issue 19, dated March 4, 1975*) that steps are being taken to ensure uniformity in accounting for revenue and the question of crediting revenue derived from capital expenditures is being considered in the Study of Accounts.

NATIONAL MUSEUMS OF CANADA

PARAGRAPH 40—National Museums of Canada—Grants and contributions.

(See *Minutes of Proceedings and Evidence, Issue No. 19, dated March 4, 1975*).