

As the Committee notes, the costs of excessive or unused office accommodation are a charge on the Department of Public Works budget, whereas if these rental costs were allotted to the actual departments leasing this space, the departments would be more cautious in their forecasts, more modest in choice of office building and would make a more determined effort to avoid overspending of their budget allotment.

#### APPENDIX I—Auditor General's Report 1972

##### RECOMMENDATION NO. 35—Lease Renewals

In its First Report to the House, November 19, 1973, the Committee had recommended that all departments follow the practice adopted by the Departments of Transport and National Defence by inserting a clause in all leases with renewal options, stipulating that rental payments accepted after the expiry of the original term would be conditional only, in order to allow the leasing department the advantage of possible higher rental rates in the interim period.

The Committee recommends that the Secretary of the Treasury Board circulate a memo to all departments in the lease-rental field as follows:

That departmental officers have developed an option to renew clause which provides that the lessor, the Crown, must make known to the lessee the rent for the renewal period. If subsequently the execution of the renewal document is delayed and the lessee continues to pay the lower rent the payments would constitute payments on account only and that when the new rental rate is established the lessee would be required to pay the difference between what he has paid and what the new lease calls for.

(See *Minutes of Proceedings and Evidence, Issue No. 12, November 15, 1973*)

#### INDEPENDENT COMMITTEE TO REVIEW THE FUNCTION OF THE AUDITOR GENERAL

During the past years the Public Accounts Committee has been concerned with the independence, freedom, staffing and function of the Office of the Auditor General, so that he can carry out his duties in the fullest, most efficient and independent manner possible.

The Auditor General has stated that he wholeheartedly supports the concept and the principle of a new Auditor General Act. Further, the Committee commends the selection of the independent and highly qualified review committee to assess the measures required to enable the Auditor General to fulfil his function in the best interests of Parliament and Canada. This Review Committee expects to complete its report early in 1975, at which time their report will be made public.

#### WEAKENING OF PARLIAMENTARY CONTROL

The Auditor General's 1972 Report referred to several instances where practice conflicted with rules laid down

by the Financial Administration Act: Monies granted by Parliament for expenditure in the current fiscal year were not disbursed and were not returned to the Consolidated Revenue Fund and obligations of the current fiscal year were not paid and were carried over into the ensuing year.

The Public Accounts Committee is seriously concerned at this weakening of Parliament's control of public expenditures by the retention of moneys in programs such as Revolving Funds, Non-lapsing capital advances and balances beyond the end of the current fiscal year.

The Committee questioned these exceptions to the regulations as stated by Section 20 of the Financial Administration Act with the Secretary of the Treasury Board and officials from the Auditor General's Office.

The Committee agreed that these exceptions had been approved by Parliament but the fact is, that often Members of Parliament are not aware, when voting these annual sums, that such funds already have very substantial amounts carried over from previous years. Therefore, as one means of control over these funds, the Committee recommends that when the Main Estimates are prepared, the Treasury Board show in the Estimates itself, the amount carried over in the non-lapsing account. By this method, members would know how many dollars they were voting to be added to the already established account.

#### PARAGRAPH 57—Unpaid accounts carried forward to new fiscal year

(See *Minutes of Proceedings and Evidence, Issues Nos. 15 and 16, November 27 and 28, 1973*)

The totals of these unpaid accounts for reasons such as insufficient funds, failure to get accounts in on time, failure to seek supplementary appropriations, totaled \$45,424,000 on March 31, 1972. This is a source of grave concern to the Committee. The non-payment of accounts due in any fiscal year puts an undue stress on the new year's appropriations, often resulting in the new year's appropriation being insufficient to take care of all the accounts coming in course of payment for the new year.

The Committee was informed by the Secretary of the Treasury Board that as a result of a study, these unpaid accounts at the end of a fiscal year had dropped from \$82 million in 1969-70 to the present \$45,000,000.

Although the amount of unpaid accounts has shown a decrease, the Committee is still concerned that \$45 million of unpaid accounts were outstanding for 1971-72 and recommends that Treasury Board insist on still stronger commitment control. Deputy heads of departments are clearly charged with the responsibility of following Treasury Board guidelines.

A guide on financial administration for departments and agencies has been completed and circulated to all