

statutory provisions of the Financial Administration Act. In making this review of expenditure, the fundamental considerations included the degree to which there should be an increase in accountability and the responsibility of management at the department level, as well as the degree to which there should be a corresponding reduction in the detailed central control presently exercised by treasury board, the comptroller of the treasury and the Auditor General. When I mention the Auditor General I might point out that he is not an executive official but he has certain duties prescribed by parliament which he is obliged to follow.

With respect to the revenues of Canada, we looked into and made inquiries into the machinery—and procedures for receiving and depositing cash and collecting receivables. We also looked into the authority, responsibility and control over such revenue, as well as the coordination between departments, the comptroller of the treasury, and treasury board.

We followed the same research technique when looking at revenues as we did when we initiated our studies into the expenditures. First, there was an initial pilot study, in considerable detail, for one major department, involving confirmation of findings by checking at both headquarters and field operational levels. Second, as a result of this pilot study, confirming studies were made in selected departments based on the variety of sources of revenues and the nature of the departmental activities. We also reviewed over-all government operations, particularly with respect to expenditure and revenue control as an aspect of management, the existing department and agency practices.

On the question of departmental financial reports, the timing, format and distribution, we examined the comptroller of the treasury reports to the Minister of Finance, and we looked at the evaluation of effectiveness of available information for the processes of management.

With respect to auditing, we divided our research into two categories: the auditing of government accounts, and the auditing of other than government accounts. In government accounts we looked into departmental and agency audits. We reviewed the work of the audit services division of the comptroller of the treasury performing departmental audits, and we looked into the audits of taxation, customs duties and post office revenues.

Now quite distinct from these audits, the government is interested in making sure that it receives revenues from sales tax, income tax, and so on. So we looked at the sales tax and income tax audits. This also included the payroll audits by the Department of National Revenue (Taxation) and the unemployment insurance commission. We reviewed the Post Office audit of mailing records of publishers, and we reviewed the cost audits by the comptroller of the treasury.

We also spent a considerable amount of time on certain aspects of the fiscal management, and under this caption we paid particular attention to the basis and collection of general revenues to cash management and forecasting of revenues and expenditures. We reviewed briefly the operations of crown companies and questions of the government investment and retained earnings by those companies. We also looked into the operation of numerous revolving funds which exist in the several departments of government.

During the course of our work we made monthly progress reports to the commission and to the advisory committee. These included a review of work completed, in progress and planned. Periodically, detailed interim reports were submitted to the commission on the various phases of the investigation.

In conclusion I would like to say that throughout its task the project received maximum cooperation and assistance from the deputy minister of finance, the comptroller of the treasury, the secretary of the treasury board,