

Auditor General's Report

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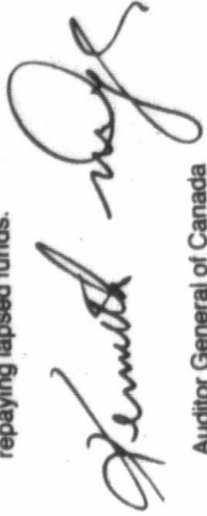
The Honourable Paul Cosgrove, P.C., M.P.
Minister of Public Works
Ottawa, Ontario

I have examined the balance sheet of the National Capital Commission as at March 31, 1981 and the statements of operations, proprietary interest and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

The Commission has retained unexpended balances of parliamentary appropriations for operating expenditures of \$2.9 million in the current year and \$2.6 million in the preceding year and included these amounts as a component of equity instead of recording them as a current liability. Current liabilities and the working capital deficiency are therefore understated by \$5.5 million at March 31, 1981 (1980 — \$2.6 million) and the equity of Canada is overstated by \$5.5 million.

In my opinion, except for the improper disclosure of unexpended appropriations as equity rather than liabilities to Canada, as referred to in the preceding paragraph, these financial statements give a true and fair view of the financial position of the Commission as at March 31, 1981 and the results of its operations and the changes in its financial position for the year then ended in accordance with the accounting policies set out in Note 2, applied on a basis consistent with that of the preceding year.

I further report that in my opinion, proper books of account have been kept by the Commission, the financial statements are in agreement therewith and the transactions that have come under my notice have been within its statutory powers except for the retention of the unexpended balance of parliamentary appropriations for operating expenditures which should be returned to the Consolidated Revenue Fund in accordance with the provisions of the *Appropriation Act* and Section 30 of the *Financial Administration Act*. Furthermore in 1980-81, the \$2.6 million unexpended balance of the 1979-80 appropriations was used to repay loans from Canada instead of repaying lapsed funds.



Auditor General of Canada

Ottawa, Ontario
June 12, 1981