

tenders were opened on May 11, 1973 and the low bid of \$391,000 was accepted by the Department.

The delay occurred because of the Department's oversight in not realizing that they would require approval-in-principle for an expenditure on a capital project in excess of \$250,000.

The Department had put this work out for tender and it was only when the bids had been received and were being processed, that it was realized that they did not have approval-in-principle from Treasury Board. The validity period for the tender of 60 days expired before approval-in-principle was received from Treasury Board.

Because of this delay and the validity period of 60 days having expired, the Department of Transport was unable to get the contractor to undertake the work at the bid price and had to negotiate an extra of \$20,000 to cover increased material and labour costs and extend the completion date by 10 months.

Your Committee is shocked that faulty administration procedures by the Department of Transport caused this unnecessary extra expense and delay in the completion of this work.

Your Committee recommends that when a Department sets a time limit to deal with a bid, in this case 60 days, it should ensure that the time limit is adhered to or have some pre-arranged plan to have the time extended.

PARAGRAPH 64.1—Cost of unused Accommodation—Ottawa.

(See *Minutes of Proceedings and Evidence, Issue No. 17, dated February 25, 1975*).

This problem occurred when the Department of Public Works obtained Treasury Board authority to lease additional space for the Department of Transport and concerns the payment of the rent so far in advance of the time the space was needed.

The Treasury Board approved the lease of extra space needed, floors 28 and 29 and the ground floor of the headquarters building of the Department of Transport with rental to commence from date of occupancy. The owner of the building claims that he had reserved some of this space from a date considerably prior to the date of occupancy and he should be compensated for this period in which he held it for the Department of Transport.

The Treasury Board approved the payment for floors 28 and 29 from June 1, 1972 and the ground floor from June 15, 1972. The Department of Transport actually occupied floors 28 and 29 on October 31, 1972 and the ground floor on March 15, 1973. The rental paid during this time for vacant premises was \$81,000. As the Department of Transport witness stated, these payments from June 1, 1972 were a compromise. The owner of the building wanted to charge for this space on the 28th and 29th floors from April 1, 1972 because they had lost some revenue.

This type of unnecessary and unwarranted expense charged to the public treasury has been a major concern to the Public Accounts Committee over the years. In other reports made to the House your Committee made strong recommendations to the House on faulty forecasting of space requirements, delays due to alterations and rents paid for unused or excessive office space.

In its First Report to the House dated November 14, 1974, your Committee made the following recommendation:

“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.”

PARAGRAPH 49—Irregular Charge to 1973-1974 Appropriation.

(See *Minutes of Proceedings and Evidence, Issue No. 17, dated February 25, 1975*).

The Financial Administration Act, Section 30, provides that the balance of an appropriation granted for a fiscal year that remains unexpended at the end of a fiscal year shall lapse, except that during the thirty days immediately following the end of the fiscal year a payment may be made under the appropriation for the purpose of discharging a debt payable for work performed, goods received or services rendered prior to the end of the fiscal year, etc.

The Department of Public Works and the Department of Transport acted contrary to this section of the Financial Administration Act in that after receiving Treasury Board approval for the purchase of two parcels of land on March 28, 1974, cheques payable to the vendors totalling \$642,000, were drawn in April 1974 and charged to a 1973-74 appropriation of the Ministry of Transport. As the Government Land Acquisition Regulations prohibit payment for land before delivery of a title satisfactory to the Deputy Minister of Justice, the cheques were forwarded to that Department on May 7, 1974, and retained until the titles were obtained. These cheques were released on the closing dates of May 31, 1974 and June 28, 1974.

This was clearly outside the bounds of Section 20 of the Financial Administration Act, which prescribes that all estimates submitted to Parliament shall be for services coming in course of payment during the fiscal year.

Your Committee agrees with the Auditor General that proceedings of this nature do weaken Parliament's control of the public purse and the Departmental officials have stated that they have initiated procedures to prevent such situations in the future.