

sell such securities and pay the proceeds into the Fund. Thus, if cash balances in the Fund are in excess of requirements for the immediate future they may be invested in interest-earning assets. In addition, the Minister of Finance has established a purchase fund to assist in the orderly retirement of the public debt.

The principal agencies exercising control over expenditures are the Treasury Board (previously described) and the Comptroller of the Treasury, who has the status of a deputy head but is an officer of the Department of Finance, with representatives who act as accounting and disbursing officers stationed in all the principal departments.

The Treasury Board exercises detailed central control over the budgets, programs and staffs of departments and over financial and administrative matters generally. Although the most important part of this control function is exercised during the consideration of the Estimates, the Board maintains continuous control over certain types of expenditure to ensure that the scale of activities and commitments for the future is held within approved policies, that departments follow uniform, efficient and economical practices, and that the Government is informed of and approves any major development of policy or significant transaction that might give rise to public or parliamentary criticism.

To ensure that the decisions of Parliament, the Government and Ministers in regard to expenditures are enforced, there is a centralized accounting and disbursing system. The Financial Administration Act provides that no payment shall be made out of the Consolidated Revenue Fund without the authority of Parliament and no charge shall be made against an appropriation except upon the requisition of the appropriate Minister or a person authorized by him in writing. These requisitions, and certificates that the work has been performed, the material supplied or the services rendered and that the price charged is reasonable or according to contract, together with such documents as may be required, are presented to the Comptroller of the Treasury. If the charge is a lawful one against the appropriation and does not exceed the amount of the appropriation or reduce it below the amount necessary to meet other commitments, and does not contravene any applicable legislative or executive requirements, the Comptroller will make the payment. However, if he declines to make a payment, disallows an item in an account or refuses to give a certificate, the Minister concerned may report the circumstances to the Treasury Board for decision and the Board may confirm or overrule the action of the Comptroller. The Comptroller may transmit to the Board any requisition with respect to which he desires its direction and the Board may order that payment be made or refused.

At the beginning of each fiscal year each department submits to the Treasury Board, through the Comptroller, a division or allotment of each item included in its Estimates. Once approved by the Board, these allotments cannot be varied or amended without the approval of the Board and expenditures charged to appropriations are limited to such allotments. To avoid over-expenditures within a fiscal year, the Comptroller records and controls commitments due to come in course of payment within the year for which Parliament has provided or has been asked to provide appropriations. The Government, through the Treasury Board and the Comptroller, also maintains careful control over commitments made under contract that will fall due in succeeding years, since it must be prepared in future to ask Parliament for appropriations to cover them. Any unexpended amounts in the annual appropriations lapse at the end of the year for which they are granted, but for thirty days subsequent to Mar. 31 payments may be made and charged to the previous year's appropriations for debts incurred prior to the end of that fiscal year.

Under the Financial Administration Act, every payment pursuant to an appropriation is made under the control and direction of the Comptroller by cheque drawn on the account of the Receiver General or by such other instrument as the Treasury Board may direct. In practice, the paid Comptroller's cheques are cleared daily by the chartered banks through the Bank of Canada to the Cheque Adjustment Branch of the Comptroller's Office, and reimbursement is made by means of a cheque drawn on the Receiver General's account with the Bank of Canada.