

of Canada and the chartered banks are the custodians of public money. Balances are apportioned among the various chartered banks according to a percentage allocation established by agreement among all the banks and communicated to the Department of Finance by the Canadian Bankers' Association. The daily operating account is maintained with the Bank of Canada and the division of funds between it and the chartered banks takes into account the immediate cash requirements of the government and consideration of monetary policy. The Minister of Finance may purchase and hold securities of, or guaranteed by, Canada and pay for them out of the Consolidated Revenue Fund or may sell such securities and pay the proceeds into the fund. Thus, if cash balances in the fund exceed immediate requirements 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.

Treasury Board exercises central control over the budgets of departments and over financial administrative matters generally, principally during the annual consideration of departmental long-range plans and of the estimates. The board also has the right to maintain continuous control over certain types of expenditure to ensure that activities and commitments for the future are held within approved policies, 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 enforcement of the expenditure decisions of Parliament, the government and ministers, 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 on the requisition of the appropriate minister or a person authorized by him in writing. These requisitions, which must meet certain standards prescribed by Treasury Board regulation, are presented to the Receiver General, who makes the payment.

At the beginning of each fiscal year, or whenever Treasury Board may direct, each department submits a division into allotments of each vote included in its estimates. Once approved these allotments cannot be varied or amended without the consent of the board; expenditures charged to appropriations are limited to such allotments. To avoid over-expenditures, commitments due to be paid within a fiscal year are recorded and controlled by the departments concerned. Commitments made under contract that will fall due in succeeding years are recorded since the government must be prepared in the future to ask Parliament for appropriations to cover them. Any unexpended amounts in the annual appropriations lapse at the end of the fiscal year, but for 30 days subsequent to March 31 payments may be made and charged to the previous year's appropriations for work performed, goods received or services rendered prior to the end of that fiscal year.

Under the Financial Administration Act, every payment against an appropriation is made by the Receiver General by cheque or other instrument. After presentation for payment, the cheques or instruments are cleared daily by the chartered banks through the Bank of Canada to the Cheque Redemption Control Division of the Receiver General; the banks are then reimbursed through a cheque drawn on the Receiver General's account with the Bank of Canada.

Public debt. In addition to collecting and disbursing public money, the government receives and pays out substantial sums in connection with its public debt operations. The Minister of Finance is authorized to borrow money by the issue and sale of securities at whatever rate of interest and under whatever terms and conditions the Governor in Council approves. Although new borrowings require specific authority of Parliament, the Financial Administration Act authorizes the Governor in Council to approve borrowings as required to redeem maturing or called securities. To ensure that the Consolidated Revenue Fund will be sufficient to meet lawfully authorized disbursements, he may also approve the