

PROPER HYDRO AUDIT WILL BE MADE YEARLY

Legislation Follows Provincial Auditor's Report

SPECIAL HYDRO ACCOUNTANT

Mr. Rowell Raises Pertinent Points and Says Government Should Have Looked Into Matter Before and Not Allowed it to Drift.

Provincial Auditor Clancy's criticism of accounting and business methods of the Hydro-electric Power Commission of Ontario is to be followed by legislation which will meet the objection raised as to the Commission's statutory authority in doing what was taken exception to.

Hon. T. W. McGarry in the Legislature yesterday introduced a bill on the subject which led to some discussion between himself, Mr. Rowell and Hon. I. B. Lucas, the leader of the Opposition putting one or two pertinent questions.

Provisions of Bill.

The bill provides that the Lieutenant-Governor in Council may appoint a chief accountant, who shall countersign all cheques issued by the Commission. The chief accountant shall have charge of the books of the Commission and shall cause to be kept regular accounts, according to a system approved by the Treasurer of Ontario, of all sums received and paid out, and such books shall be open at all times to inspection to any person appointed by the Treasurer for that purpose. The Commission shall, through its chief accountant, before the 15th February in each year make to the Provincial Treasurer an annual report, showing the actual amount and character of assets and liabilities and cash transactions, including receipts and disbursements for the year ending December 31 last preceding; the revenue, income and interest earned and the amounts of the costs of expenses, for the year, the amounts which it is estimated will be received in cash and its equivalent, the payments of loans or advances which are contemplated in the next succeeding year; the amounts and particulars of the liabilities contemplated in the next succeeding year; the securities or evidence of the indebtedness which it is contemplated shall be created during the year, and such other matters as may be considered of public interest. The accounts of the Commission shall from time to time, and at least once in every year, be audited by the Auditor for Ontario or by an independent auditor or auditors. The income of the Commission shall be applied to the necessary operating expenses, renewals, repairs and maintenance, and all other incidental expenses.

Give Hydro Legal Power.

Hon. Mr. McGarry, in introducing the bill to amend the power commission act, explained that it had to do with Hydro financing, and the object was to give legal power to the Hydro-electric Commission to continue doing as they had done in the past. He alluded to the Provincial Auditor's report regarding expenditures without statutory authority, and pointed out that from time to time the scope of the Hydro's work had developed to keep pace with the request from municipalities and demands from the public. The intention of the amendment was to confirm the action of the Hydro-electric Commission in going in for special lines of work and in the expending of monies received by them, which under the old act should have been paid into the Treasury of Ontario.

The Treasurer further pointed out that the object was to have a month to month statement of the work by the Commission as to the expenditures and receipts of money from the various municipalities. "We are hopeful that when one year is past we will be able to satisfy both the House and the country as to the condition of the finances of the Hydro-electric Commission," added Hon. Mr. McGarry.

Mr. Rowell's Queries.

Mr. Rowell—If the Government has been aware of the matters complained of by the Auditor, for how long a period has the Government been aware of these matters?

Hon. Mr. McGarry—Speaking for myself, as Treasurer of Ontario, I have known for some months. There has been a difference of opinion between the Chief Accountant of the Hydro Commission, Mr. Andrews, and the Auditor here as to what should constitute an audit. Until the present year we have been unable to get for the Auditor here the papers which would enable him to make this audit, and until now the Government has had no report from the Hydro Commission or the Auditor other than the report furnished to the House each year and for the last ten years.

Mr. Rowell—If I understand my honorable friend, the Government has not, until it got this audit last year, become aware of the matters complained of by the Auditor.

Never until this year had there been an examination in detail of the subdivisions made of this money, although the Hydro Commission every year expended, and properly expended, every cent which the Government gave them.

The Auditor's Charge.

The charge, continued Mr. McGarry, made by the Auditor was not that any of the money furnished by the Government was misspent, but that in addition to the \$13,000,000 supplied by the Government the Commission expended \$4,000,000 more. The argument of the Auditor was that under the act, as it stood up till now, that \$4,000,000 should have been paid into the Treasury of Ontario, and the Commission had no statutory power spending that money again. "This year we insisted on a complete audit of the Hydro Commission's books," declared the Treasurer, "and notwithstanding there was difference of opinion between the Hydro accountant and the Auditor of the Government we insisted upon getting the documents that were necessary to show the subdivisions of this money. We finally got enough of these documents to make the report the Auditor has made." Hon. Mr. McGarry stated that under the arrangement proposed by the bill the Government would have cognizance not only of the money paid from the Treasury, but also of the money the Commission received from the various municipalities and which they expend in every way. There would be a more complete system of book-keeping and more complete accounting for the House and the municipalities.

Opposition Leader's Comment.

Mr. Rowell—The statement of my honorable friend clearly indicates that, notwithstanding the statement made from time to time by the Government to the House that these accounts were audited and the Government was satisfied with everything, the Government has not had a complete audit of any year prior to the present one and has not had the information itself.

Hon. Mr. Lucas (Attorney-General)—We have had no official report from year to year as to the state of these various accounts, but the items of expenditure have been duly audited each year. The whole meat of the Auditor's criticism is this: The Hydro-electric Commission purchase supplies and do work for various municipalities. They buy in a cheap market and in large quantities, keep it in stock and transfer it over to various municipalities. These municipalities pay that money back. There is no express statutory authority for the Hydro to do that work. That is the whole thing in a nutshell. There is no criticism of the methods.