

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO.1712
TO BE ANSWERED ON MONDAY, THE 2ND MARCH, 2020
[12 PHALGUNA, 1941 (SAKA)]

"AUDIT OF KIIFB AND KIAL"

No.1712. DR. SHASHI THAROOR:

Will the MINISTER OF FINANCE be pleased to state:

- (a) whether the Comptroller and Auditor General (CAG) has conducted an audit of financial transactions for the two state-run organizations Kerala Infrastructure Investment Fund Board (KIIFB) and Kannur International Airport Ltd. (KIAL) in the past;
- (b) if so, the details thereof and if not, the reasons therefor;
- (c) whether the Government of Kerala has allowed CAG audit of KIIFB and KIAL, ever since coming into power in 2016;
- (d) if so, the details thereof and if not, the reasons therefor including the actions taken;
- (e) whether the CAG, that is empowered under Section 14(1) CAG's (Duties, Powers and Conditions of Service) Act, 1971, is willing to conduct a *suo motu* audit of KIIFB and KIAL; and
- (f) if so, the details thereof and if not, the reasons therefor?

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI ANURAG SINGH THAKUR)

(a) and (b):

(i) Audit of the transactions of KIIFB for the period 1999-2000 to 2006-07 (November 1999 to 31 March 2007) had been conducted under Section 14(1) of the CAG's DPC Act, 1971 during May/June 2007. Audit of the accounts of KIIFB for the period 1999-2000 to 2006-07 was conducted under Section 20(2) of the CAG's DPC Act, 1971 from 16/04/2007 to 28/04/2007. Audit of KIIFB under Section 14(1) of the CAG's DPC Act, 1971 for the period 2015-16 to 2017-18 commenced on 21.12.2018 but suspended in February 2019. It resumed on 09.05.2019 and again suspended on 27.05.2019. This was again started on 27.01.2020.

(ii) The Audit of KIAL was conducted under Section 19(1) of CAG's (Duties, Powers and Conditions of Service) Act, 1971 upto 2015-16. As part of audit, Inspection Reports for 2009-11, 2011-15 and 2015-16 were issued and Supplementary Audit for 2009-10 to 2015-16 were also conducted.

(c) and (d):

(i) Audit of KIIFB under Section 14(1) of the CAG's DPC Act for the period up to January 2020 has been taken up from 27.01.2020.

(ii) The audit of KIAL for the period from 2016-17 could not be taken up due to non co-operation from the Management of the Company citing the reason that it is not a Government Company as per Section 2(45) of Companies Act, 2013. The audit party deployed for Compliance audit was not permitted to take up the audit twice. The Financial Statements for

2016-17 was adopted at the Annual General Meeting of the Company without certification of this Office.

Ministry of Corporate Affairs has clarified that the Companies Act, 2013 does not alter the position with regard to audit of deemed Govt. Companies as mentioned in section 619(B) of the Companies Act, 1956 and such Companies are covered U/s 139(5) & (7) of the Companies Act 2013. Several correspondences were made with the Company and various authorities in this regard.

(e) and (f):

(i) Audit of KIIFB under Section 14(1) of the Act has commenced on 27.01.2020.

(ii) Since the Government has not given any grant or loan to KIAL, the CAG is not empowered to audit KIAL under Section 14(1) of CAG's (Duties, Powers and Conditions of Service) Act, 1971.

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(GENL. ANURAG SINGH THAKUR)