പതിനാലാം കേരള നിയമസഭ

പതിനാറാം സമ്മേളനം

നക്ഷത്ര ചിഹ്നമിടാത്ത ചോദ്യം നം.459

29-10-2019 ൽ മറുപടിക്ക്

കിഫ്ബിയിൽ എ.ജി. ഓഡിറ്റിംഗ്

ചോദ്യം ശ്രീ. എം. ഉമ്മർ	മറുപടി ശ്രീ. റ്റി.എം. തോമസ് ഐസക് (ധനകാര്യവും കയറും വകുപ്പ് മന്ത്രി)
(എ) കിഫ്ബിയിൽ നാളിതുവരെ എത്ര തുക സമാഹരിച്ചിട്ടുണ്ട്; അതിൽ എന്ത് തുക ചെലവഴിച്ചിട്ടുണ്ട്; വർഷം തിരിച്ചുള്ള കണക്കുകൾ ലഭ്യമാക്കാമോ;	കിഫ്ബിയിൽ നാളിതുവരെ സമാഹരിച്ച തുകയുടെയും പദ്ധതികൾക്കായി ചെലവഴിച്ച തുകയുടെയും വിശദാംശങ്ങൾ ചുവടെ ചേർക്കുന്നു.

Sources	Year					Total
	2015-16	2016-17	2017-18	2018-19	2019-20	
Corpus Fund	873.86	1,624.57	-	-	-	2498.42
MVT Share	-	281.43	621.45	1,098.82	1,488.00	3489.7
Cess Share	-	448.10	421.19	501.82	496.00	1867.11
Term Loans	-	-	100.80	850.00	600.00	1550.8
Masala Bond	-	-	-	2,150.00	-	2150
Bonds-KSFE Pravasi Chitty	-	-	-	5.77	57.35	63.12
GRAND TOTAL						11619.15
Fund Released to Projects	-	-	448	1063	1,124.70	2635.7

(Details as on 04.11.2019)

(ബി) പ്രസ്തുത തുക ചെലവഴിച്ചത് എ.ജി. ഓഡിറ്റിംഗിന് വിധേയമാക്കിയിട്ടുണ്ടോ; ഉണ്ടെങ്കിൽ ഏതു വർഷം മുതലാണ് ഓഡിറ്റിംഗ് നടത്തിയിട്ടുള്ളത്; വിശദമാക്കാമോ;	CAG - DPC Act, 1971 (സി&എജിയുടെ കടമകളും, അധികാരങ്ങളും സേവനങ്ങളുടെ വ്യവസ്ഥകളും) പ്രകാരം കിഫ്ബി സി&എജി ഓഡിറ്റിന് വിധേയമാണ്. ഇതിൻപ്രകാരം 2018 ലും 2019 ലും ഓഡിറ്റ് നടന്നിട്ടുണ്ട്.
(സി) എ.ജി. ഓഡിറ്റിന് വേണ്ടി സർക്കാരിലേക്ക് കത്ത് നൽകിയിരുന്നോ; പകർപ്പ് ലഭ്യമാക്കാമോ; ആയതിന് സർക്കാർ നൽകിയ മറുപടി വിശദമാക്കാമോ; ആയതിന്റെ ഫയൽ കുറിപ്പിന്റെ പകർപ്പ് ലഭ്യമാക്കാമോ;	നൽകിയിരുന്നു. പ്രസ്തുത കത്തും ആയതിനു സർക്കാർ നൽകിയ മറുപടിയും ഇത് സംബന്ധിക്കുന്ന ഫയൽ കുറിപ്പിന്റെ പകർപ്പും അനുബന്ധമായി നൽകുന്നു.
(ഡി) കിഫ്ബിയിൽ എ.ജി. ഓഡിറ്റിംഗ് നടത്തുന്നതുമായി ബന്ധപ്പെട്ട് നിയമവകുപ്പിന്റെ ഉപദേശം തേടിയിരുന്നോ; ഉണ്ടെങ്കിൽ ആയതിന്റെ പകർപ്പ് ലഭ്യമാക്കാമോ?	ഇത് സംബന്ധിക്കുന്ന വിഷയത്തിൽ നിയമപരമായ ആശയക്കുഴപ്പങ്ങൾ ഒന്നും തന്നെ ഇല്ലാതിരുന്നതിനാൽ നിയമ വകുപ്പിന്റെ അഭിപ്രായം തേടിയിരുന്നില്ല.

P.A. Prasad

ജോയിന്റ് സെക്രട്ടറി

2338690/18/050

:392859/2018/Finance(Infrastructure)

19.03.18

एस सुनील राज
S. SUNIL RAJ
महालेखाकार
ACCOUNTANT GENERAL

भारतीय लेखा और लेखा परीक्षा विभाग
INDIAN AUDIT AND ACCOUNTS DEPARTMENT
प्रधान महालेखाकार (आर्थिक और राजस्व क्षेत्रीय लेखा परीक्षा) का कार्यालय,
केरल, तिरुवनंतपुरम – 695 001
OFFICE OF THE PRINCIPAL ACCOUNTANT GENERAL
(ECONOMIC AND REVENUE SECTOR AUDIT)
KERALA, THIRUVANANTHAPURAM – 695 001

PS

Chief Secretary

D.O.No.CA IV/B/18-230/463
Date: 15/03/2018

16/3/18

Dear Sir,

Government of Kerala constituted a body corporate named 'Kerala Infrastructure Investment Fund Board' (KIIFB) based on Kerala Infrastructure Fund Act, 1999 passed by State Legislature to administer Kerala Infrastructure Fund and also to supervise the activities financed from the fund. As per provision of Rule 16(6) in Kerala Infrastructure Investment Fund Scheme, 1999, the accounts of the Board audited by Chartered Accountants appointed by KIIFB is required to be forwarded to the Comptroller and Auditor General (CAG) for his comments. Later, Government of Kerala amended the Scheme as Kerala Infrastructure Investment Fund (Amendment) Scheme, 2010 wherein the provision for audit of KIIFB by CAG was deleted, since the Government had in-principle decided to wind up KIIFB during 2010 soon after the loan from banks were cleared. In November 2016, Kerala Infrastructure Investment Fund (Amendment) Act, 2016 came into force and there was no clause specifying the audit by CAG.

As per Section 14(1) of Comptroller and Auditor General's (Duties, Powers and Conditions of Service) (CAG's DPC) Act, 1971, CAG has the authority to audit any body or authority which received substantial finance by grants or loans from the Consolidated Fund of India or of any State or of any Union territory having a Legislative Assembly.KIIFB is wholly owned and managed by Government of Kerala and received an amount of ₹1603.38 crore and ₹1999.56 crore as grant from Government of Kerala during the financial year 2015-16 and 2016-17 respectively for implementation of various projects. Hence, CAG has the authority to conduct the audit of KIIFB by virtue of section 14 (1) of CAG's DPC Act, 1971.

Further, as per Section 20 (2) of CAG's DPC Act, 1971, CAG has the right to propose to the President, or the Governor of a State or the Administrator of a Union Territory having a Legislative Assembly, for the audit of the accounts of any body or authority which has not been entrusted to the Comptroller and Auditor-General by law. Considering the substantial investment made by Government of Kerala in KIIFB, it is proposed that Government of Kerala may entrust the audit of KIIFB to the CAG under Section 20(2) of CAG's DPC Act, 1971.

I would be grateful to you if you would do the needful for entrustment of the audit of KIIFB under Section 20(2) of CAG's DPC Act, 1971.

Warm regards

Yours sincerely,

Shri Paul Antony, IAS,
Chief Secretary,
Government of Kerala,
Thiruvananthapuram.

GOVERNMENT OF KERALA

No.INFRA-3/17/2018-FIN

Finance (Infrastructure)Department
Thiruvananthapuram,
Dated:17/05/2018

To

The Accountant General
Office of the Principal Accountant General
Economic and Revenue Sector Audit
Kerala, Thiruvananthapuram- 695001

Sir,

Sub: Auditing in KIIFB

Ref: D.O.No.CA IV/B/18-230/463 dated 15.03.2018

Inviting attention to the reference cited I am to inform you that as per the original as well as the amended Kerala Infrastructure Investment Fund Act 2016, there is no provision for audit of accounts of KIIFB by the C&AG.

However, considering the fact that huge public investment is involved in KIIFB and Government Grants are provided for meeting the shortfall in repayment of debt thereof, Section 6C of the Act has provided for the constitution of a highly independent and competent audit/monitoring authority viz, the

Fund Trustee & Advisory Commission (**FTAC**) with respect to KIIFB which is directly accountable to the State Legislature and shall act as the trustee of the fund and help to ensure that all investments of the fund serve the purpose and intent of the Act and that there is no diversion of funds of the Board. Such a Commission has already been constituted with former C&AG Shri. Vinod Rai as Chairman. The extent of the powers and the independence that such a Commission enjoys is evident from a perusal of the KIIF (Amendment) Act, 2016. The FTAC, besides being empowered to call for any document of any transaction also relies on the Audited Accounts of KIIFB done on a half yearly basis certified by the CEO, KIIFB who is under the Act an officer of rank equivalent to a Secretary to Governnment. Hence, given such robust arrangements, it does not seem appropriate to request for a separate Audit of C&AG under Section 20(2) of C&AG's DPC Act 1971.

It is also pointed out that such a system of Trusteeship through the FTAC was drawn up keeping in mind the pattern and structure of audit and the regulations by SEBI followed by similar institutions which raise funds from the market. It was felt that such an arrangement would be conducive to establishing greater investor confidence as this would be an arrangment parallel and infact more comprehensive and superior to the Debenture Trusteeship envisaged for fund raising and with which market participants are familiar. Given these arrangements already in existence under the KIIF (Amendment) Act, 2016, a parallel system of auditing through C&AG might end up sending conflicting signals to prospective investors thereby inviting the real risk of jeopardising the very purpose for which KIIFB was formed.

However, as the outflow from the Consolidated Fund is involved and the C&AG is empowered under Section 14 (1) C&AG's DPC Act, whether a suo-moto audit of the accounts of KIIFB by the C&AG as envisaged under this Section is warranted, notwithstanding the arrangements outlined above, may be decided by that office.

Yours Faithfully,

Anie Jula Thomas
Additional Secretary
for Ex-Officio Secretary

File No. INFRA-3/17/2018-FIN (Computer No. 797333)

Note No. #1

NOTE

Sub:- Audit of KIIFB - Submission of Audited Statement to CAG- Reg.

Kind attention is invited to the letter received from Indian Audit and Accounts Department.

2. In the letter it is stated that as per Section 14 (1) of Comptroller and Auditor General's (Duties, Powers and Conditions of Services)(CAG's DPC) Act 1971, CAG has the authority to audit any body or authority which received substantial finance by Grants or Loans from the consolidated Fund of India or of any State or of any Union Territory having a Legislative Assembly.

3. As per the letter CAG informed that so far KIIFB has received an amount of Rs. 3602.94 crore as grant from Government of Kerala during the Financial Year 2015-16 and 2016-17 respectively.

4. As per Section 20(2) of CAG's DPC Act 1971, CAG has the right to propose to the President, or Governor of a State or the Administrator of a Union Territory having a Legislative Assembly, for the Audit of the accounts of any body or authority which has not been entrusted to the Comptroller and Auditor-General by law.

5. The Indian Audit and Accounts Department has informed Government to take necessary arrangements to entrust the Audit of KIIFB under Section 20(2) of CAG's DPC Act 1971.999

6. File submitted for kind perusal and orders.

03/04/2018 4:34 PM

SHARON VS
(ASST (INFRA-3,FIN))

Note No. #2

7. Kindly see the letter received from AG and the minutes of CS thereon . Considering the substantial investment made by Govt. of Kerala in KIIFB the Accountant General proposed to entrust the audit of KIIFB to the C&AG under section 20 (2) of CAG's DPC Act 1971. The Kerala Infrastructure Investment Fund Scheme 1999 came into force along with the Kerala Infrastructure Investment Fund Act 1999 specifies the rules regarding audit of accounts of KIIFB. As per para 6 of said Act the accounts of the Board shall be audited by a CA appointed by the Board and the accounts as audited by the CA together with the audit report shall be forwarded annually to the PS to Govt. in Fin. Department and C& AG for their comments. As per section 7 the audited accounts together with the comments of the PS and C&AG shall be forwarded to FD for placing it before the Legislature along with annual report. Govt vide G.O(P) No. 677/10/Fin. dated 10.12.2010 amended the Kerala Infrastructure Investment Fund Scheme and omitted the term C& AG. So the comments of C&AG or audit of C&AG is not necessary as per the existing rules.

8. As per section 20(2) of C&AG's DPC Act 1971 C&AG has the right to propose to the President or the Governor of a State or the Administrator of a Union Territory having a Legislative Assembly for the audit of accounts of any body or authority which has not been entrusted to the C&AG by Law . Considering the substantial investment made by Govt. in KIIFB and considering the importance of activities entrusted to KIIFB we may consider the proposal of AG. at c.f.p.1.

9 File submitted for orders as per minutes of C S at c.f.p.1

06/04/2018 12:49 PM

K.JYOTHI LEKSHMI
(SO (INFRA,FIN))

Note No. #3

23/04/2018 5:07 PM

ANIE JULA THOMAS
(AS (INFRA,FIN))

Note No. #4

10. As per the original as well as the amended KIIF Act there is no provision for audit of accounts of KIIFB by the C&AG. However, considering the fact that huge public investment is involved in KIIFB and Government Grants are provided for meeting the shortfall in repayment of debt thereof, Section 6C of the Act has provided for the constitution of a highly independent and competent audit/monitoring authority viz, the Fund Trustee & Advisory Commission (**FTAC**) w.r.t. KIIFB which is directly accountable to the State Legislature and shall act as the trustee of the fund and help to ensure that all investments of the fund serve the purpose and intent of the Act and that there is no diversion of funds of the Board.

Such a Commission has already been constituted with former C&AG Shri. Vinod Rai as Chairman. Hence there does not appear the requirement to request for the Audit of C&AG under Section 20(2) of C&AG's DPC Act 1971. However, since outflow from the Consolidated Fund is involved and the C&AG is empowered under Section 14 (1) C&AG's DPC Act, the suo-moto audit of C&AG under this Section may not be objected to.

25/04/2018 1:05 PM

V.SUSEEL KUMAR
(JS (INFRA,FIN))

Note No. #5

28/04/2018 2:33 PM

ANIE JULA THOMAS
(AS (INFRA,FIN))

Note No. #6

Please put up a consolidated reply for approval.

28/04/2018 9:32 PM

K M ABRAHAM
(EX-OFFICIO SEC (FINANCE INFRASTRUCTURE))

Note No. #7

30/04/2018 10:28 AM

ANIE JULA THOMAS
(AS (INFRA,FIN))

Note No. #8

30/04/2018 10:51 AM

K.JYOTHI LEKSHMI
(SO (INFRA,FIN))

Note No. #9

12. Vide orders at pre para, draft letter to Accountant General is put up for kind approval

03/05/2018 3:10 PM

SHARON VS
(ASST (INFRA-3,FIN))

Note No. #10

13. Draft letter may be approved.

05/05/2018 11:14 AM

K.JYOTHI LEKSHMI
(SO (INFRA,FIN))

Note No. #11

08/05/2018 3:32 PM

ANIE JULA THOMAS
(AS (INFRA,FIN))

Note No. #12

14. Draft seen. May be approved.

13/05/2018 1:08 PM

V.SUSEEL KUMAR
(JS (INFRA,FIN))

Note No. #13

As desired at note# 6,Ex- officio secretary may see the draft for approval.

14/05/2018 11:46 AM

ANIE JULA THOMAS
(AS (INFRA,FIN))

Note No. #14

File No. INFRA-3/17/2018-FIN (Computer No. 797333)

17/05/2018 2:40 PM

K M ABRAHAM
(EX-OFFICIO SEC (FINANCE INFRASTRUCTURE))

Note No. #15

18/05/2018 12:21 PM

ANIE JULA THOMAS
(AS (INFRA,FIN))

Note No. #16

18/05/2018 12:51 PM

K.JYOTHI LEKSHMI
(SO (INFRA,FIN))

Note No. #17

16. Kind attention is invited to the letter received from India Audit and Accounts Department vide letter no. CAIV/B/18-230 dated 02.08.2018.

17. As per the letter, the office of AG (E&RSA) it is stated that vide D.O letter No.CA IV/B/18-230/463 dated 15.03.2018, they have requested for entrustment of audit in KIIFB under Sectio 20(2) of CAG's DPC Act, 1971 and in response to the letter, this office has replied that KIIFB does not come under CAG audit either as per the initial Act or the amended Act. It was also stated that an independent authority, the Fund Trustee & Advisory Commission (FTAC) would he formed to monitor that all investments of the fund serve the purpose and intend of the Act and hence there is no need for audit by CAG under Section 20(2) of CAG's DPC Act, 1971.

18. Now AG has informed that as per original as well as amended Kerala Infrastructure Investment Fund Act 2016. there was no provision for audit of accounts of KIIFB by the C&AG is not correct. As per Clause 16 (6) of the Kerala Infrastructure Investment Fund Scheme 1999 ***(may be seen in Local Reference)*** framed in pursuance of Clause 3 of Kerala Infrastructure Investment Fund Act 1999. The accounts of the Board shall be audited by a Chartered Accountant appointed by the Board and the accounts as audited by the Chartered Accountant together with the audit report thereon shall be forwarded annually to the Principal Secretary to Government, Finance Department, Government of Kerala and the C & AG for their comments.

19. Further clause 16(7) states that the audited accounts together with the comments of Principal Secretary to Government. Finance Department and C & AG shall be forwarded to the Finance Department of Government of Kerala for placing it before the Legislature along with the annual report.

20. The said clause was amended on 10/12/2010 to do away the audit of C & AG ***(may be seen in the Local reference)*** on the context that Government had decided in principle to wind up KIIFB after the funds from the banks are cleared.

21. Now AG has informed that the scenario has changed and KIIFB has become a major player in the Government for financing infrastructure projects and Government grants are provided for meeting the shortfall in repayment of debt thereof. The functions of FTAC formed include issuing fidelity certificate every six months certifying that the application of funds and investment of surplus funds are in

conformity with the Act and the Scheme. However, the functions do not include assessing whether activities, financial transactions and information are, in all material aspects, in compliance with the applicable authorities, budgetary resolutions, policy, contracts, agreements, established codes. sanctions, supply orders, agreed terms or the general principles governing sound public sector financial management and conduct of public officials which is ensured by the audit of CAG. Neither the constitution of FTAC nor the certification of audited accounts by CEO preclude the audit of C&AG. Infact,CAG audit would boost the investor confidence. Considering the fact that substantial investment made by Government of Kerala and guarantee by Government for meeting the shortfall in repayment of debt created by KIIFB, AG (E&RSA) has again reiterated that the audit of KIIFB be entrusted to CAG under section 20 (2) of CAG's DPC Act, 1971.

22. File submitted for kind perusal and orders.

17/09/2018 12:16 PM

SHARON VS
(ASST (INFRA-3,FIN))

Note No. #18

23.Kindly see the notes at pre paras and the letter received from the AG (E&RSA) attached at c.f. p. 1. In answer to our earlier letter dated 17.05.2018 AG pointed out the following and informed that they decided to take up the audit of KIIFB u/s 14(1) DPC Act 1971.

i. The functions of FTAC do not include assessing whether activities, financial transactions and information are, in all material aspects are in compliance with the applicable authorities, budgetary resolutions, policy contracts, agreements, established codes, sanctions ,supply orders , agreed terms or the general principles governing sound public sector financial management and conduct of public officials which is ensured by the audit of CAG.

ii. Neither the constitution of FTAC nor the certification of audited accounts by CEO preclude the audit of C&AG and C&AG audit would boost the investor confidence.

iii. Substantial investment made by Gok and guarantee by Govt. for meeting the shortfall in re payment of debt created by KIIFB also necessitated audit of AG.

24. As per section 14(1) of CAG's DPC Act 1971 Audit of receipts and expenditure of bodies or authorities substantially financed from Union or State Revenues

Where any body or authority is substantially financed by grants or loans from the

Consolidated Fund of India or of any State or of any Union territory having a Legislative Assembly, the Comptroller and Auditor-General shall, subject to the provisions of any law for the time being in, force applicable to the body or authority, as the case may be, audit all receipts and expenditure of that body or authority and to report on the receipts and expenditure audited by him.

25. In the light of the above said provision contained in the CAG's DPC Act 1971 the letter received from AG submitted for kind perusal and further orders.

17/09/2018 2:46 PM

K.JYOTHI LEKSHMI
(SO (INFRA,FIN))

Note No. #19

26. As the AG audit appears inevitable all divisions of KIIFB may be instructed to promptly maintain and update all relevant records and registers to enable transparent audit by the AG and avoidance of adverse audit queries/remarks as far as possible.

17/09/2018 4:26 PM

V.SUSEEL KUMAR
(JS (INFRA,FIN))

Note No. #20

As per the provisions of C&AG 's DPC Act, C&AG is empowered to audit the accounts of KIIFB suo moto and this has already been communicated to that office and we are prepared for audit accordingly.

03/10/2018 3:39 PM

ANIE JULA THOMAS
(AS (INFRA,FIN))

Note No. #21

05/10/2018 10:13 AM

V.SUSEEL KUMAR
(JS (INFRA,FIN))

Note No. #22

05/10/2018 12:02 PM

K.JYOTHI LEKSHMI
(SO (INFRA,FIN))

Note No. #23

Kind attention is invited to the letter send from the office of Accountant General (E&RSA) to Hon'ble Chief Secretary. It the letter it was informed about the issues in connection with the Audit in KIIFB. As per the letter it is informed the following:

"Entrustment of audit of KIIFB

Considering the substantial investment made by the Government of Kerala in KIIFB, this office requested the Government to entrust the audit of KIIFB u/s 20 (2) of CAG's DPC Act, 1971. There was no response from the Government to the above request, in spite of repeated reminders. Meanwhile we took up the audit u/s I 4 (1) of CAG's DPC Act, 1971 from 21/12/2018 which is restricted to grants and loans. Audit u/s 20 (2)of CA G's DPC Act, 1971 would lead to a comprehensive audit."

In reply to the letter received from the office of AG(E&RSA) dated 15.0302018, this office has informed that AG that they may conduct Audit in KIIFB as per the provisions stipulated U/S 14 (1) of CAG's DPC Act 1971 and the audit is going on in KIIFB from 21/12/2018. Now as per the letter AG wants to conduct Audit U/S 20(2) of CAG's DPC Act,1971. The section 20 of the act stipulates the following:

Audit of accounts of certain authorities or bodies

20.

1. *Save as otherwise provided in section 19, where the audit of the accounts of any body or authority has not been entrusted to the Comptroller and Auditor-General by or under any law made by Parliament, he shall, if requested so to do by the President, or the Governor of a State or the Administrator of a Union territory having a Legislative Assembly, as the case may be, undertake the audit of the accounts of such body or authority on such terms and conditions as may be agreed upon between him and the concerned Government and shall have, for the purposes of such audit, right of access to the books and accounts of that body or authority:*

Provided that no such request shall be made except after consultation with the Comptroller and Auditor-General.

2. *The Comptroller and Auditor-General may propose to the President or the Governor of a State or the Administrator of a Union territory having a Legislative Assembly, as the case may be, that he may authorised to undertake the audit of accounts of any body or authority, the audit of the account of which has not been entrusted to him by law, if he is of opinion that such audit is necessary because a substantial amount has been invested in, or advanced to, such body or authority by the Central or State Government or by the Government of a Union territory having a Legislative Assembly, and on such request being made, the President or the Governor or, the Administrator, as the case may be, may empower the Comptroller and Auditor-General to undertake the audit of the accounts of such body or authority.*
3. *The audit referred to in sub-section (1) or sub-section (2) shall not be entrusted to the Comptroller and Auditor-General except where the President or the Governor of a State or the Administrator of a Union territory having a Legislative Assembly, as the case may be, is satisfied that it is expedient so to do in the public-interest and except after giving a reasonable opportunity to the concerned body or authority to make representations with regard to the proposal for such audit.*

File submitted for kind perusal and orders

16/02/2019 12:30 PM

SHARON VS
(ASST (INFRA-3,FIN))

Note No. #24

Kindly see the notes at pre para and the letter of CAG addressed to CS and forwarded by CS to KIIFB through ACS(Fin), with minutes to Secretary Law. The letter is seen issued by CAG as per the decision taken in a meeting with CS held on 05.02.2019. Among other issues of audit, the non entrust of Audit of KIIFB is seen discussed in that meeting , as a result CS requested to CAG to furnish details of the same. In this circumstance CAG forwarded this letter with a copy of reply to our letter no.Infra 3/17/2018-Fin dated 17.05.2018. In this letter it is pointed out that Govt. has not respond to the request of AG to entrust the audit of KIIFB u/s 20(2) of the CAG's DPC Act 1971, since the present audit being conducted by AG under section 14(1) of CAG's DPC Act 1971 restricted to grants and loans and audit u/s 20(2) of the CAG's DPC Act 1971, only would lead comprehensive audit. Hence CAG requested to ACS (Fin) to do the needful to entrust audit of KIIFB to CAG u/s 20(2) of the CAG's DPC Act 1971.

As per section 20(2) the Comptroller and Auditor-General may propose to the President or the Governor of a State or the Administrator of a Union territory having a Legislative Assembly, as the case may be, that he may authorized to undertake the audit of accounts of any body or authority, the audit of the account of which has not been entrusted to him by law, if he is of opinion that such audit is necessary because a substantial amount has been invested in, or advanced to, such body or authority by the Central or State Government or by the Government of a Union territory having a Legislative Assembly, and on such request being made, the President or the Governor or, the Administrator, as the case may be, may empower the Comptroller and Auditor-General to undertake the audit of the accounts of such body or authority.

The audit referred to in sub-section (1) or sub-section (2) shall not be entrusted to the Comptroller and Auditor-General except where the President or the Governor of a State or the Administrator of a Union territory having a Legislative Assembly, as the case may be, is satisfied that it is expedient so to do in the public-interest and except after giving a reasonable opportunity to the concerned body or authority to make representations with regard to the proposal for such audit.

The above said proviso envisaged that CAG can not suo moto invoke the provisions u/s 20(2), for which *the President or the Governor of a State or the Administrator of a Union territory having a Legislative Assembly, as the case may be, is satisfied that it is expedient so to do in the public-interest and except after giving a reasonable opportunity to the concerned body or authority to make representations with regard to the proposal for such audit.*

In answer to the AG's first letter regarding audit dated 15.03.2018 , KIIFB welcomed AG's suo moto audit by all means , even though KIIF Act does not provide audit of accounts by AG. Since we have already informed our willingness to AG vide letter no.Infra 3/17/2018-Fin dated 17.05.2018 no reply has been furnished to the subsequent letter seeking permission u/s 20(2) of CAG's DPC Act. In the case of invoking section 20(2) of CAG's DPC Act 1971, the power rests with the Govt. and the Govt. has to take a decision based on public interest whether the audit of KIIFB may be entrusted to CAG u/s 20(2) of CAG's DPC Act 1971.

As this is the fact, based on the minutes of CS to Law Secretary to advise on this entity before the next Board meeting , this matter may be brought before the next Board.

19/02/2019 2:20 PM **K.JYOTHI LEKSHMI (SO (INFRA,FIN))**

Note No. #25
With FTAC empowered by the KIIF Act passed by the State Legislature being in place and KIIFB being under the direct administrative control of Finance Department, the audit of C&AG under Section 20(2) of CAG's DPC Act is not considered necessary whereas the suo moto audit by AG under Section 14(1) was welcomed as Government assistance in the form of petroleum cess and share of MVT is given to KIIFB to meet debt repayment obligations. This position has already been communicated to the AG and may be reiterated in the present instance.

19/02/2019 4:16 PM **V.SUSEEL KUMAR (JS (INFRA,FIN))**

Note No. #26

07/03/2019 6:50 PM **ANIE JULA THOMAS (AS (INFRA,FIN))**

Note No. #27
Please put up the note for approval.

11/03/2019 12:44 PM **K M ABRAHAM (EX-OFFICIO SEC (FINANCE INFRASTRUCTURE))**

Note No. #28

14/03/2019 10:22 AM **ANIE JULA THOMAS (AS (INFRA,FIN))**

Note No. #29
Vide orders draft note is put up for approval.

18/03/2019 1:06 PM

SHARON VS
(ASST (INFRA-3,FIN))

Note No. #30
Draft note may be approved.

19/03/2019 4:56 PM

K.JYOTHI LEKSHMI
(SO (INFRA,FIN))

Note No. #31

22/03/2019 1:45 PM

V.SUSEEL KUMAR
(JS (INFRA,FIN))

Note No. #32

22/03/2019 3:59 PM

ANIE JULA THOMAS
(AS (INFRA,FIN))