

PREFACE

1. The accounts of Government Companies set up under the provisions of the Companies Act (including Companies deemed to be Government Companies as per the provisions of the Companies Act) are audited by the Comptroller and Auditor General of India (C&AG) under the provisions of Section 619 of the Companies Act, 1956. The accounts certified by the Statutory Auditors (Chartered Accountants) appointed by the C&AG under the Companies Act are subject to supplementary audit by officers of the C&AG and the C&AG gives his comments or supplements the report of the Statutory Auditors. In addition, these companies are also subject to test audit by the C&AG.

2. The statutes governing some Corporations and Authorities require their accounts to be audited by the C&AG and reports to be given by him. In respect of five such Corporations *viz.* Airports Authority of India, National Highways Authority of India, Inland Waterways Authority of India, Food Corporation of India and Damodar Valley Corporation, the relevant statutes designate the C&AG as their sole auditor. In respect of one Corporation *viz.* Central Warehousing Corporation, the C&AG has the right to conduct a supplementary or test audit after audit has been conducted by the Chartered Accountants appointed under the statute governing the Corporation.

3. Reports in relation to the accounts of a Government Company or Corporation are submitted to the Government by the C&AG under the provisions of Section 19-A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, as amended in 1984.

4. The Audit Board mechanism was restructured during 2005-06 under the supervision and control of the C&AG. The Board, which is permanent in nature, is chaired by the Deputy Comptroller and Auditor General (Commercial) and consists of senior officers of the C&AG. Two technical experts are inducted as special invitees, if necessary. The Principal Director (Commercial) of the C&AG's Office is the Member Secretary to the Board. The Board approves the topics recommended for performance audit. It also approves the guidelines, audit objectives, criteria and methodology for conducting major performance audits. The Board finalises the stand alone performance audit reports after discussions with the representatives of the Ministry and Management.

5. Annual reports on the accounts of the Central Government Companies and Corporations are issued by the C&AG to the Government. For the year 2009-10, these are:

Compliance Audit Reports

Report No. 2 - Financial Reporting by Public Sector Undertakings (PSUs): This gives an overall picture of the quality of financial reporting by PSUs and an appraisal of the performance of the Companies and Corporations as revealed by their accounts.

Report No. 9 - Compliance Audit Observations: This contains observations on individual topics of interest noticed in the course of audit of the Companies and Corporations.

Performance Audit Reports

Report No. 10: This contains performance audit of selected activities and use of information technology in selected areas of operations of the Companies and Corporations.

6. The cases mentioned in this Report are among those which came to notice in the course of audit during 2008-09 as well as those which came to notice in earlier years but could not be reported. Similarly, results of audit of transactions subsequent to March 2009 in a few cases have also been mentioned, wherever available and relevant.

7. All references to 'Government Companies/ Corporations or PSUs' in this report may be construed to refer to 'Central Government Companies/ Corporations' unless the context suggests otherwise.