

## Preface

This report deals with the results of audit of Government companies and Statutory corporations for the year ended March 2014.

The accounts of Government Companies (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 (CAG) under the provisions of Section 619 of the Companies Act 1956. The accounts certified by the Statutory Auditors (Chartered Accountants) appointed by the CAG under the Companies Act are subject to supplementary audit by the officers of the CAG and the CAG gives his comments or supplements the reports of the Statutory Auditors. In addition, these companies are also subject to test audit by the CAG.

Reports in relation to the accounts of a Government Company or Corporation are submitted to the Government by the CAG for laying before the State Legislature of Karnataka under the provisions of Section 19-A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

In respect of Karnataka State Road Transport Corporation, Bangalore Metropolitan Transport Corporation, North Western Karnataka Road Transport Corporation and North Eastern Karnataka Road Transport Corporation, which are Statutory Corporations, the CAG is the sole auditor. As per the State Financial Corporations (Amendment) Act, 2000, the CAG has the right to conduct the audit of accounts of Karnataka State Financial Corporation in addition to the audit conducted by the Chartered Accountants, appointed by the Corporation out of the panels of Auditors approved by the Reserve Bank of India. In respect of Karnataka State Warehousing Corporation, the CAG has the right to conduct the audit of their accounts in addition to the audit conducted by the Chartered Accountants, appointed by the State Government in consultation with the CAG. In respect of Karnataka Electricity Regulatory Commission, the CAG is the sole auditor. The Audit Reports on the annual accounts of all these corporations are forwarded separately to the State Government.

The instances mentioned in this report are those, which came to notice in the course of test audit for the period 2013-14 as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports. The matters relating to the period subsequent to 2013-14 have also been included wherever felt necessary.

The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.