

199/4  
14-7-22

No. EDN(TE)C(5)-1/2021-Loose  
Government of Himachal Pradesh  
Department of Technical Education

From

The Additional Chief Secretary (TE) to the  
Government of Himachal Pradesh

To

The Director,  
Technical Education  
Vocational & Industrial Training,  
H.P. Sundernagar, Distt. Mandi.

Dated, Shimla-2, the 08<sup>th</sup> July, 2022

Subject : -

**Skills Strengthening for Industrial value Enhancement (STRIVE), Technical Education (Loan No. 5695-IN) का वर्ष 2019-20 और 2020-21 के लेखापरीक्षा प्रमाण पत्र।**

Sir,

I am directed to enclose herewith a copy of letter No. AMG-I/EAP/Audit Certificate/STRIVE/2020-21- 527-31 dated 24.06.2022 **(alongwith its enclosures)** received from the Senior Deputy Accountant General (AMG), on the subject cited above and to request you to examine and take necessary action in the matter.

Yours faithfully,

(Shubh Karan Singh)  
Special Secretary (TE) to the  
Government of Himachal Pradesh  
Ph: 0177-2624554

STRIVE  
18  
(14)7

Government of India  
Indian Audit & Accounts Department  
Pr. Accountant General (Audit)  
Himachal Pradesh, Shimla-171003



भारत सरकार  
भारतीय लेखा तथा लेखा परीक्षा विभाग  
प्रधान महालेखाकार ( लेखा परीक्षा )  
हिमाचल प्रदेश, शिमला-171003

527-31

पत्र संख्या: ए०एम०जी०-1/EAP/Audit Certificate/STRIVE/2020-21

दिनांक: 24.6.22

सेवा में

प्रधान सचिव,  
तकनीकी शिक्षा विभाग  
हिमाचल प्रदेश, शिमला- 171002

विषय: Skills Strengthening for Industrial Value Enhancement (STRIVE), Technical Education (Loan No. 5695-IN) का वर्ष 2019-20 और 2020-21 के लेखापरीक्षा प्रमाण पत्र।

महोदय,

मैं इस पत्र के साथ उपर्युक्त विषय के अंतर्गत परियोजना के ऋण संख्या 5695-IN वर्ष 2019-20 और 2020-21 का लेखा परीक्षा प्रमाण पत्र सलंग्न कर रहा हूँ।

सलंग्न: उपरोक्त

भरदीय  
रुनदीप  
24.6.22

वरिष्ठ उप-महालेखाकार  
(ए०एम०जी०-1)

28/06  
SS/TE-1

29/6/22  
SOCTE

29/6/22  
SS/TE-1

**Report of the Comptroller and Auditor General of India on the expenditure incurred under World Bank aided Project on Skills Strengthening for Industrial Value Enhancement (STRIVE) for the period end on 31.3.2020**

**Report on the Project Financial Statements**

We have audited the accompanying financial statements of the Skills Strengthening for Industrial Value Enhancement Project financed under World Bank IDP Loan No. 5695-IN, which comprise the Statement of Receipts and Payments, the Statement of Expenditure by Category and Financier, the Statement of Disbursement and related notes for the year ended on 31<sup>st</sup> March, 2020.

These statements are the responsibility of the Project's management. Our responsibility is to express an opinion on the accompanying financial statements based on our audit.

We conducted the audit in accordance with the Auditing Standards promulgated by the Comptroller and Auditor General of India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audit examines, on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the sources and applications of funds of project for the year ended on 31<sup>st</sup> March 2020 in accordance with Government of India accounting standards.

In addition, in our opinion;

- A) Proceeds of the loan from World Bank have been utilized for the purposes as per World Bank Loan/Project Agreement.
- B) Financial covenants in the loan agreement Skills Strengthening for Industrial Value Enhancement for Technical Department IDP Loan No. 5965-IN have been complied with.
- C) (i) With respect to SOEs, adequate supporting documentation has been maintained to support claims to the World Bank for reimbursements of expenditures incurred; and (ii) except for ineligible expenditures as detailed in the audit observations, if any, appended to this audit report, expenditures are eligible for financing under the loan agreement.

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D) Project Implementing Agencies had neither prepared the balance sheet showing accumulated funds, bank balance, other assets and liabilities nor in lieu of balance sheet any statement (apart from above summary of expenditure) at the end of every financial year detailing (a) unspent bank balance of the project (b) category-wise assets purchased by the beneficiaries from the project funds with date of such purchase alongwith its location (c) project related unpaid bills/liabilities as at the end, as required under Operational Manual (STRIVE).

Expenditure of Rs.15.76 lakh was incurred on different activities under Result Area-2 during the year 2019-20.

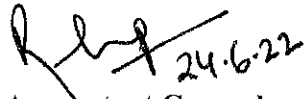
Details of funds allotted, and expenditure incurred thereagainst is as follow:-

(As on 31<sup>st</sup> March 2021)

Accounting Year	Result Area	Opening Balance	Fund Released during Year	Total fund available	Expenditure incurred till 31 <sup>st</sup> March 2020	Balance
2019-20	RA-2	0	118,00,000	118,00,000	15,76,307	102,23,693
	RA-4	48,00,000	0	48,00,000	0	48,00,000
	Total	48,00,000	118,00,000	166,00,000	15,76,307	150,23,693

The expenditure of Rs.15.76 lakh was checked with the relevant records (Cash Book, Bank Pass Book, Vouchers) maintained by the State Project Implementing Unit (SPIU) and found correct as per the provisions of the Operational Manual. Routine audit observations have been appended with this report.

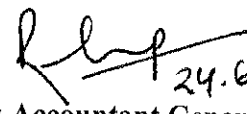
This report is issued without prejudice to CAG's right to incorporate audit observations in the report of CAG of India for being laid before State legislature.

  
Deputy Accountant General  
(AMG -I)

Dated:

Management letter

As there were no audit observations other than those mentioned in the Audit Report on financial statements of the Skills Strengthening for Industrial Value Enhancement (STRIVE) Project, Technical Education financed under World Bank IDP Loan No. 5695-IN for the year 2019-20, no management letter has been prepared.

 24.6.22

Sd/- Deputy Accountant General  
(AMG-I)

Annexure 2

Name of the Project- STRIVE  
Loan/Credit/Grant No.  
Statements of Sources and Applications of Funds  
Reports for the year ended 31<sup>st</sup> March, 2020

Bank funds claimed during the year (A)  
Total expenditure made during the year (B)  
Less: Outstanding AC Bills (C)  
Ineligible expenditures (D)  
Expenditure not claimed (E)  
Total eligible expenditures claimed F= B-C-D-E

Schedules	Amt. (Rs. Lakh)		
	Current Year	Previous Year	Project to date
I			
	15.76		
II			
III			
IV			
	15.76		

*[Signature]*  
Deputy Director  
Directorate of Tech. Edu.  
Functional & Industrial Training S.P.  
BHOJIPUR NAGAR

Annexure 1

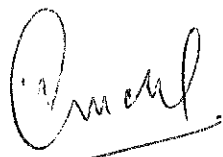
Name of the Project- STRIVE  
 Loan/Credit/Grant No. 5965-1N ]  
 Statements of Sources and Applications of Funds  
 Reports for the year ended 31<sup>st</sup> March, 2020

In, Rs. Lakh

Particulars	Current Year	Previous Year	Project to date
Opening Balance, (if cash balances are controlled by the entity (A))	---	----	
<b>Receipts</b>			
Funds received from Government through Budget (These will include external assistance received by the Government for the project.)	118.00 (RA-2)		
Funds received directly by the Project Implementing Authority through external assistance	48.00 (SAMC)	----	----
Beneficiary Contribution (if any)	----	----	----
<b>Total Receipts (B)</b>	166.00		
<b>Total Sources (C= A+B)</b>	166.00		
<b>Expenditures by Component</b>			
D. RA-1	---		
E. RA-2	15.76		
F. SAMC	---		
<b>Total Expenditures (D)</b>	15.76		
<b>Closing balance, (if cash balances are controlled by the entity (C-D))</b>	150.24		

**Notes:**

5. Information about the basis of preparation of the financial statements with regard to the financial rules and codes applicable.
6. The above figures will be based on monthly/quarterly abstract accounts prepared by the accounts compiling offices, duly reconciled by the respective DDOs, with details of unreconciled amounts to b4e furnished.
7. Names of accounting units whose financial statements are aggregated to prepare the consolidated accounts.
8. Any other project specific Note.

  
Dy. Director

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**Report of the Comptroller and Auditor General of India on the expenditure incurred under World Bank aided Project on Skills Strengthening for Industrial Value Enhancement (STRIVE) for the period ended on 31.3.2021**

**Report on the Project Financial Statements**

We have audited the accompanying financial statements of the Skills Strengthening for Industrial Value Enhancement Project financed under World Bank IDP Loan No. 5695-IN, which comprise the Statement of Receipts and Payments, the Statement of Expenditure by Category and Financier, the Statement of Disbursement and related notes for the year ended on 31<sup>st</sup> March, 2021.

These statements are the responsibility of the Project's management. Our responsibility is to express an opinion on the accompanying financial statements based on our audit.

We conducted the audit in accordance with the Auditing Standards promulgated by the Comptroller and Auditor General of India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audit examines, on a test basis, evidence supporting the amounts and disclosures in the financial statements. It also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements present fairly, in all material respects, the sources and applications of funds of project for the year ended on 31<sup>st</sup> March 2021 in accordance with Government of India accounting standards.

In addition, in our opinion:-

- A) Proceeds of the loan from World Bank have been utilized for the purposes as per World Bank Loan/Project Agreement.
- B) Financial covenants in the loan agreement Skills Strengthening for Industrial Value Enhancement for Technical Department IDP Loan No. 5965-IN have been complied with.
- C) (i) With respect to SOEs, adequate supporting documentation has been maintained to support claims to the World Bank for reimbursements of expenditures incurred; and (ii) except for ineligible expenditures as detailed in the audit observations, if any, appended to this audit report, expenditures are eligible for financing under the loan agreement.



D) Project Implementing Agencies had neither prepared the balance sheet showing accumulated funds, bank balance, other assets and liabilities nor in lieu of balance sheet, any statement (apart from above summary of expenditure) at the end of every financial year detailing (a) unspent bank balance of the project (b) category-wise assets purchased by the beneficiaries from the project funds with date of such purchase alongwith its location (c) project related unpaid bills/liabilities as at the end, as required under Operational Manual (STRIVE).

Expenditure of Rs.1003.84 lakh was incurred on different activities under RA-1, RA-2 and RA-4(SAMC) during the year 2020-21.

Result Area wise details of fund allotted and expenditure incurred there against: -

(As on 31<sup>st</sup> March 2021)


Accounting Year	Result Area	Opening Balance	Fund Released during Year	Total Available	Expenditure incurred till 31 <sup>st</sup> March 2020	Balance
2020-21	RA-1	0	1224,00,000	1224,00,000	803,66,525	420,33,475
2020-21	RA-2	102,23,693	236,00,000	338,23,693	197,90,334	140,33,359
2020-21	RA-4(SAMC)	48,00,000	0	48,00,000	2,26,846	45,73,154
Total		150,23,693	1460,00,000	1610,23,693	1003,83,705	606,39,988

The expenditure incurred was checked with the relevant records (Cash Book, Bank Pass Book, and Vouchers) maintained by the Implementing Agencies and found correct under the provision of the Operational Manual. Routine audit observations have been appended with this report.

This report is issued without prejudice to CAG's right to incorporate the audit observations in the report of CAG of India for being laid before State legislature.

**Audit Observations:**

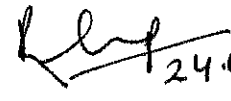
Paras & Observation	Title	Amount (in lakh)
Para-1	Extra expenditure on procurement of vehicle of MMV Trade.	5.18

  
24.6.22  
Sd/- Deputy Accountant General  
(AMG -I)

Dated:

Management letter

As there were no audit observations other than those mentioned in the Audit Report on financial statements of the Skills Strengthening for Industrial Value Enhancement (STRIVE) Project, Technical Education financed under World Bank IDP Loan No. 5695-IN for the year 2020-21, no management letter has been prepared.

 24.6.22

Sd/- Deputy Accountant General  
(AMG-I)

Annexure 1

Name of the Project- STRIVE  
 Loan/Credit/Grant No. 5965-1N  
 Statements of Sources and Applications of Funds  
 Reports for the year ended 31<sup>st</sup> March, 2021

Particulars	In. Rs. Lakh		
	Current Year	Previous Year	Project to date
Opening Balance, (if cash balances are controlled by the entity (A))	150.24	----	
<b>Receipts</b>			
Funds received from Government through Budget (These will include external assistance received by the Government for the project.)	1224.00 (RA-1) 236.00 (RA-2)		
Funds received directly by the Project Implementing Authority through external assistance	----	----	----
Beneficiary Contribution (if any)	----	----	----
<b>Total Receipts (B)</b>	1460.00		
<b>Total Sources (C= A+B)</b>	1610.24		
<b>Expenditures by Component</b>			
A. RA-1	1224.00		
B. RA-2	197.90		
C. SAMC	2.27		
<b>Total Expenditures (D)</b>	1424.17		
<b>Closing balance, (if cash balances are controlled by the entity (C-D))</b>	186.07		

Notes:

1. Information about the basis of preparation of the financial statements with regard to the financial rules and codes applicable.
2. The above figures will be based on monthly/quarterly abstract accounts prepared by the accounts compiling offices, duly reconciled by the respective DDOs, with details of unreconciled amounts to be furnished.
3. Names of accounting units whose financial statements are aggregated to prepare the consolidated accounts.
4. Any other project specific Note.

*(Signature)*  
 Dy. Director

**Annexure 2**

**Name of the Project- STRIVE  
Loan/Credit/Grant No.  
Statements of Sources and Applications of Funds  
Reports for the year ended 31<sup>st</sup> March, 2021**

Bank funds claimed during the year (A)  
Total expenditure made during the year (B)  
Less: Outstanding AC Bills (C)  
Ineligible expenditures (D)  
Expenditure not claimed (E)  
Total eligible expenditures claimed F= B-C-D-E  
World Bank Share @ x% of (F) above (G)

Schedules	Amt. (Rs. Lakh)		
	Current Year	Previous Year	Project to date
I			
	1424.17		
II	420.33*		
III			
IV			
	1003.84		

*[Signature]*  
Deputy Director  
Deputy Director (Training)  
Directorate of Tech. Edu.  
Technical & Industrial Training Corp.  
BUNDELA BAGAR

\* Note: Out of funds of Rs. 1224.00 Lakh released to 19 selected ITIs, utilization certificates for Rs. 8,03,66,696 was received at SPIU upto March 2021 balance funds of Rs. 420.33 lakh was lying unutilized with respective ITIs.

*State Program Implementing Units*

**Audit and Certification report on the accounts of World Bank assisted Project for Skills Strengthening for Industrial Value Enhancement (STRIVE) of State Project Director, STRIVE Project, Technical Education Department, Sundernagar, Himachal Pradesh, for the period 04/2018 to 03/2021.**

**Part I- Introduction**

Skills Strengthening for Industrial Value Enhancement (STRIVE) project is a World Bank assisted-Government of India project with the objective to improving the relevance and efficiency of skills training provided through Industrial Training Institutes (ITIs) and apprenticeships. The financial agreement was signed between Government of India and International Bank for Reconstruction and Development (IBRD) on 19th December 2017 and the closing date of the project is November 2022. It is an outcome focused scheme marking shift in government's implementation strategy in vocational education and training from inputs to results. It is aimed at institutional reforms and improving quality and market relevance of skill development training programs in long term vocational education training. It shall incentivize ITIs to improve overall performance including apprenticeship by involving SMEs, business association and industry clusters. The project aims to develop a robust mechanism for delivering quality skill development training by strengthening institutions such as State Directorate of training & Employment, CSTARI, NIMI, NSTIs, ITIs etc.

The operations manual has been prepared in consultation with World Bank and has been approved by National Steering Committee meeting chaired by Secretary, MSDE on 3rd January'2019. Under this project, 19 ITIs were selected from Himachal Pradesh out of total 500 ITIs to be selected from all over India. It is a Central Sector Scheme (CSS) with a budget outlay of INR 2200 crore (US \$ 318 million) covering 4 result areas

**The Result Area wise objectives of the Project is as under:-**

Result Area 1: Improving Performances of ITIs

Result Area 2: Increase Capacity of State Government of support ITIs and Apprenticeship Training

Result Area 3: Improve Teaching and Learning Capability

Result Area 4: Improve and Broadened Apprenticeship Training.

The project is being carried out by the State of Himachal Pradesh through Department of Technical Education. The charge of the office during the period covered under audit was held by following Project Director, as detailed below:-

Sr. No.	Name of the Project Director	Period
1.	Sh. Shubh Karan Singh, HAS	23-01-2018 to 21-08-2020
2.	Sh. VivekChandel, HAS	24-08-2020 to date

The details of Result Area wise Fund allotted and expenditure incurred there against:-

					(Rs. in lakh)
Accounting Year	Result Area	Opening Balance	Funds released during the year	Expenditure incurred during the year	Balance
2019-20	RA-1	-	-	-	-
	RA-2	-	118.00	15.76	102.24
	RA-4	-	-	-	-
	SAMC	-	48.00	-	48.00
	<b>Total:</b>	-	<b>166.00</b>	<b>15.76</b>	<b>150.24</b>
2020-21	RA-1	-	1224.00	1224.00	-
	RA-2	102.24	236.00	197.90	140.34
	RA-4	-	-	-	-
	SAMC	48.00	-	2.27	45.73
	<b>Total:</b>	<b>150.24</b>	<b>1460.00</b>	<b>1424.17</b>	<b>186.07</b>

Certification of "Skills strengthening for Industrial Value Enhancement" "STRIVE" project for the period 2018-19 to 2020-21 was conducted by an audit party by Sh. Daya Sagar, Assistant Audit Officer, Sidharth, Sr. Auditor from 7.2.2022 to 26.02.2022. The party was supervised by Sh. Narinder Singh Verma, Sr. Audit Officer. The certification of the accounts has been made on the basis of records/information supplied by the Project Director, STRIVE Project Sunder Nagar. Office of the Principal Accountant General (Audit) disclaims any responsibility for any records/information not supplied by the auditee entity.

#### **Scope of Audit certification.**

The work of Audit Certification of the STRIVE Project was carried out w.e.f. 7.2.2022 to 26.2.2022 as per the provision of Operation Manual, STRIVE Project and as per records maintained by various Implementation Agencies of Project to be checked and verified with the books of accounts (Cash Book, Bank Pass Book, Vouchers) for the year 2018-19 to 2020-21.

**The results of Audit have been incorporated in the succeeding paragraphs.**

#### **(Audit Findings)**

**PART-II-(A)**

**(Significant Audit Findings)**

**Para: 1 Extra expenditure on procurement of vehicles for MMV Trade - Rs. 5.18 lakh.**

Rule 10(1) of H.P. Financial Rules, 2009 provide that every officer incurring or authorizing expenditure from public moneys shall be guided by high standards of financial propriety. Every officer shall also enforce financial order and strict economy and see that all relevant rules and regulations are observed by his own office and by the Drawing and Disbursing Officers. Further, every officer shall exercise the same vigilance in respect of expenditure incurred from public moneys, as a person of ordinary prudence would exercise in respect of expenditure of his own money.

It was noticed in audit that following vehicles were procured by the 7 Govt. ITIs under Expenditure Head: M&E (Mechanic Motor Vehicle Trade) and the accountal of the same was made in the Main Stock Registers by the respective ITIs. Scrutiny of approved ISP as well as approved Procurement Plan of Equipment, furniture and other goods – Items to be procured in year 2020 (Annexure-I) attached therewith of ITI, Sundernagar revealed that there was provision of Air conditioned CRDI vehicle in running condition – LMV New vehicle with CRDI engine (04 stockes, 04 cyclinders, BS-IV, fitted with air condition costing Rs. 7.00 lakh under Mechanic Motor Vehicle Trade. However, the ITIs concerned procured Mahindra Scorpio vehicles costing between Rs. 1079929/- and Rs. 1391046/- during 2020-21 as detailed below:

Sr.No.	Name of ITI	Name of Firm Bill No. & Date	Name of vehicle	Amount paid (in Rs)
1.	Sundernagar	Mahindra & Mahindra, Maharastra D.No.7230139256 dated 4.2.2021	Mahindra Scorpio Model S-5	1080800
2.	Jogindernagar	Mahindra & Mahindra, Maharastra D/No.7230129144 dated 13.1.2021	Mahindra Scorpio Model S-5	1080800
3.	Nalagarh (Model)	Mahindra & Mahindra, Maharastra D.No. 723086741 dated 01.11.2020	Mahindra Scorpio Model S-5	1079929
4.	Jawali	Mahindra & Mahindra, Maharastra D.No.7230129143 dated 13.1.3021	Mahindra Scorpio Model S-5	1081390
5.	Bangana	Mahindra & Mahindra, Maharastra D.No.7230126648 dated 29.12.2020	Mahindra Scorpio Model S-9	1288640
6.	Baijnath	Mahindra & Mahindra, Maharastra	Mahindra Scorpio Model S-5	1081390

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		D.No.7230129148 dated 13.01.2021		
7.	Poanta Sahib	Mahindra & Mahindra, Maharastra D.No.7230131708 dated 18.01.2021	Mahindra Scorpio Model S-11	1391046
	Total			8083695

From the above it would be seen that against the approved provision of Rs. 4900000/- for 7 vehicles (7.00 lakh each vehicle, e.g. as per the approved ISP as well as Procurement plan(ITI Sundernagar) for the year 2020-21, an expenditure of Rs. 8083695 was incurred on the procurement of these vehicles (Mahindra Scorpio) which resulted in irregular expenditure of Rs. 3183695/- for the procurement of these vehicles.

The Principal, ITI Bangana procured the same vehicle(Mahindra Scorpio) at a cost of Rs. 1288640/- & Principal, ITI Paonta Sahib procured the same vehicle(Mahindra Scorpio) at a cost of Rs. 1391046/- whereas the same vehicles(Mahindra Scorpio) procured by other ITIs were procured at a cost between Rs. 1079929/- and Rs. 1081390/-. Thus, ITI Bangana & ITI Nalagarh had procured the vehicles at higher rates.

In reply to Audit Memo No. 17 dated 25.2.2022, Dy. Director, STRIVE Project instead of furnishing consolidated reply at SPIU level enclosed replies of the Principals of the concerned ITIs furnished to the Director, Technical Education vide his letter No 16062 dated 4.3.2022. The concerned Principals stated that vehicles purchased as per specified requirement of Mechanic Motor Vehicle trade and no such same specification are met in car model etc. except scorpio. The Principal, ITI Bangana stated that approved cost of the mentioned item is Rs. 10.00 lakh. He further stated that model of vehicle purchased may be different from the one purchased by other ITIs. The bidder may have quoted the different model to the institution as per availability of model on the GeM. The replies are not tenable because as per syllabus of Mechanic Motor Vehicle Trade Air conditioned CRDI vehicle in running condition – LMV New vehicle with CRDI engine (04 stockes, 04 cyclinders, BS-IV, fitted with air condition was required. As per ISP of ITI Sundernagar estimated cost of the vehicle required for training purpose was Rs. 7.00 lakh and procured the Mahindra Scorpio(Model S-5) at a cost of Rs. 1080800/- which fulfilled the requirement of the training of MMV Trade. Similarly Model S-5 vehicles were procured by the other ITIs.



However, the Principals, ITI Bangana procured Mahindra Scorpio(Model S-9) for Rs. 1288640/- and Principal, ITI Paonta Sahib procured Mahindra Scorpio(Model S-11) for Rs. 1391046/-. Thus, due to procurement of vehicles of advanced feature model by the Principals of ITI Bangana and Paonta Sahib resulted in avoidable extra expenditure of Rs. 518086/- [ITI Bangana : Rs. 207840/- (RS.1288640/-Rs.1080800/-) and ITI Paonta Sahib : Rs. 310246/- (Rs. 1391046/- Rs. 1080800)] on the procurement of vehicles which needs justification.

**PART-II (B)**

**(Other incidental Audit Findings)**

**Para 2: Non-achievement of prescribed targets/milestone under RA-1 resulted in short release of funds – Rs. 678.86 lakh.**

In order to better address key challenges effecting quality, relevance and efficiency of training in Industrial Training Institute (ITIs), The Government of India has introduced the Performance Based (PB) Grant for ITIs under STRIVE Project. The result area will address key challenges of ITIs by supporting them in improving quality of their skill development programs, enhancing labour market relevance and efficiency or operations.

As per Section 3.1.6 of OM, financial targets against each KPI under RA-I have been divided year-wise as under:

KPI	Year-0 2018-19	Year-1 2019- 20	Year-2 2020-21	Year-3 2021-22 (Till Nov.2022)	Year-4 2022-23(Till November 2022)
KPI 1 to 4	Signing of PBGA= 40%	18%	17%	15%	10%

Further, as per Section 4.1.3.1, in addition to achievement of annual targets, the funds would flow on meeting the utilisation of funds released till date as under:

Year	Fund to be released in the year as % of total allocated fund	Fund released criteria
0	40%	(Signing of PBGA)
1	18% to be disbursed at the end of Year 1 based on KPIs achieved for year 1	Minimum utilization of 50% of total funds released till date
2	17% to be disbursed at the end of Year 2 based on KPIs achieved for year 2	Minimum utilization of 65% of total funds released till date
3	15% to be disbursed at the end of Year 3 based on KPIs achieved for year 3	Minimum utilization of 80% of total funds released till date
4	10% to be disbursed at the end of Year 4 based on KPIs achieved for year 4	Minimum utilization of 95% of total funds released till date

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Besides above, ITIs need to submit statutory audit report of last financial year to SPIU.

Test check of records and as per information made available to audit, it was noticed that for 19 selected ITIs for the State of HP, funds of Rs. 3070.65 lakh was approved as per ISP under STRIVE Project (RA-I) for 5 years (upto November 2022). Against the total allocation of Rs. 3070.65 lakh, 2302.99 lakh (75%) budget allocation (funds allotted) was to be received under RA-I component to the State of H.P. upto March 2021 as per financial target fixed, however, funds of Rs. 12.24 crore i.e. 40% only was received against which Utilisation Certification for Rs. 8.04 crore was submitted to the NPIU (upto March 2021) whereas remaining funds of Rs. 4.20 crore were lying unutilized with the Implementing Agencies(IA) as of March 2021.

Scrutiny of records further revealed that the Directorate General of Training, MSDE, GoI vide letter No. DGT-35(4)/STRIVE-Himachal Pradesh-RA-I/Phase -1/2020-NPIU dated 06.12.2021 released an amount of Rs. 395.87 lakh (12.89% of approved funds) on achievement of partial KPIs by 19 ITIs of HP State for incurring the expenditure under component Result area-1.

Thus, due to non achievement of prescribed KPIs/milestone by the IAs in the prescribed time schedule, the State Govt. was deprived off from the funding of Rs. 678.86 lakh (Funds due Rs.1074.73 lakh (35 %) i.e. 18% for the year 2019-20 and 17% for 2020-21 whereas funds of Rs. 395.87 lakh(12.89%) was released by the DGT, MSDE, GoI vide letter No. DGT-35(4)/STRIVE/Himachal Pradesh-RA-1/Phase-1/2020-NPIU dated 6.12.2021, however, funds against this release was awaited at SPIU level as of 1/2022.

In reply to Audit Memo No.8 dated 17.2.2022, Dy. Director while confirming the facts stated that some of the KPIs could not be achieved due to COVID-19 pandemic situations as the trainees did not take the admissions. He further stated that one of the KPIs i.e. OJT could also not be achieved due to closure/non functional of industrial establishment. However, only 5 out of 19 ITIs have achieved the prescribed milestone fully and remaining achieved partially. Thus, due to non achievement of prescribed mile stones by the selected ITIs, the State Govt. was deprived off from the funds of Rs. 687.86 lakh (22.11%) at prescribed time, as envisaged in the scheme guidelines.

**Para: 3 Non receipt of funds due to non-achievement of annual target under Result Area-2 amounting to Rs. 684.80 lakh.**

AS per para 1.2.2 of Operational Manual (OM), the objective of Result Area 2 is to increase State Capacities to Support ITIs and Apprenticeship Training.

The state governments will be incentivized for policy and regulatory reforms that are aimed at improving the overall ecosystem for ITIs and apprenticeship. Funding will be released to states/ UTs for achievement of annual targets for three Key Performance Indicators (KPIs):

(i) Conducting tracer studies,(ii) Reducing vacancy of ITI trainers (iii) Development of Career progression policy for ITI trainers (based on guidelines to be issued by the MSDE) Fund allocation to the states/UTs will be in proportion to number of government ITIs in the State/ Union Territory (UT). The incentives received by the states on achievement of KPIs will be utilized for activities related to skill development.

Further Para 4.1.3.2. of OM, the following are the conditions and principles for release of funds to State Societies under result area 2:-

- (i) The first tranche in the form of advance shall be released to the State/UT on signing of the PBFA in accordance with Table 15.
- (ii) Release of funds will be done on an annual basis on meeting targets as agreed in Memorandum of Understanding (MoU) (Refer Annexure 12).
- (iii) Funds will be released directly to the account of the State Society (Project Account) through State treasury.
- (iv) Funds shall be released only on achievement of the annual targets. If the target has not been met, funds allocated for the target shall not be released even if expenditure has been incurred towards the target.

During the Scrutiny of records of State Project Implementing Unit (SPIU), it was observed that SPIU did not achieve all it's Key Performance Indicators (KPI) under result area 2 as per time frame.

The state was allocated a total funds of Rs. 11.80 Crore under result area-2 as given in Annexure 11 to Operational Manual.

SPIU required to sign memorandum of undertaking in 2018-19 and funds should be released as per Table 15 and Table 17: Details of Fund allocation for various reform activities across state: -

Sr No.	Key Performance Indicators	Funds to be released upto 31 Mar 2021			Funds actually received upto 31 Mar 2021			Total Funds not received upto 31 Mar 2021
		2018-19	2019-20	2020-21	2018-19	2019-20	2020-21	
01	Development of Carrier Progression Policy including recruitment, training and allied initiatives		236 lakh	NA	14.06.19 – 118 lakh and 23.09.20 -236 lakh	NIL	NIL	236 lakh
02	Percentage Reduction in vacancies as proportion of sanctioned strength in ITI	354 lakh	106.4 lakh	106.4 lakh		NIL	NIL	212.8 lakh

(19)

3	Number of tracer studies conducted (One tracer study to be conducted by year 2)		236 lakh	NA		NIL	NIL	236 lakh
Total		354 lakh	578.4 lakh	106.4	354 Lakh	0	0	
		1038.80			354			684.8 lakh

The SPIU signed the Performance Based Funding Agreement on 03.04.2019 and received 30 % of advance amounting to Rs. 354 lakh during 2019-20 and 2020-21, out of which only Rs. 213.67 lakh was utilized till 31 Mar 2021.

In reply to audit memo 5 dated 15.02.2022, the department stated that only one target “Reducing Trainer vacancy in Govt ITIs for trainers “had been achieved in 2017-18 under result area 2. Rest two target i.e “Development of Career Progression Policy for ITI trainers” was pending for approval with the State Govt and “conducting tracer study” was pending for approval with Govt of India as on Jan 2022.

In reply to audit memo no. 20 dated 26.02.2022, The Deputy Director Project accepted the audit observation and stated that the project was derailed from Govt of India. Its starting date was 2017 but start receiving funds in the year 2019 actually, the delay was due to GoI late disbursement of fund and COVID-19 situation.

The replies were not tenable as no targets were not achieved in the year 2019-20. The base year for target was 2017-18 as per OM and vacancies should be reduced 2019-20 onwards and no documents were provided in support of reply.

Due to non achievement of targets the SPIU did not get a total amount of Rs.684.8 lakh (236 lakh +212.6 +236 lakh) during 2019-21 under result area 2 resulted in delay of execution of result area 2 development activities. Thereby resulted in overall delay in completion of project as the project required to be completed by Nov 2022.

**Para 4: Non utilization of funds - Rs. 26.39 lakh**

The result area 4 focuses on encouraging Small and Medium Enterprises (SMEs), to engage in Apprenticeship Training through the Industrial Apprenticeship initiative (IAI) grant. The IAI grant incentivizes Industry Clusters (ICs)/Industry Associations to promote apprenticeship within its Member Business Organisation (MBOs)

(20)

A maximum allocation of INR 1 crore will be available per Industry Cluster (IC) for a project during of 3 years. However, exact quantum of funds allocated to individual ICs will depend on the IAI plan submitted by the IC and achievement of the KPI specified. Funds may be utilized towards activities including, but not limited to : cost of establishing and running an apprenticeship cell in the cluster, development of curriculum, hiring of trainers, training of trainers, awareness raising etc.

In alignment with the P for R instrument, allocation will be released to ICs on the achievement of pre-defined targets based on KPIs.

KPIs for this result area include:

- i) Signing of apprenticeship contracts between employer/Industry and apprentices as stated in IAI plan.
- ii) Capacity development of staff of participating enterprises and other stakeholders.
- iii) Submission of project completion report.

It was noticed that Tripartite Grant Agreement for IAI was made on 30/3/2021 between the President of India acting through Director General, MSDE, GoI (first party), Governor acting through Principal Secretary, GoHP (second party) and Chairperson of the IC with the name of Baddi Barotiwala Nalagarh Industries Association (BBAIA), Baddi (third party). The Third party has been entitled for grant funding only on achievement of agreed milestones as set forth in the approved IAI plan.

Director (Project), DGT, MSDE, GoI vide letter No. DGT-43/1/2021-AP dated 13.5.2021 conveyed the sanction for release of funds of Rs. 40.00 lakh as advance on signing of tri-partite agreement under RS-4 of World bank assisted STRIVE project to the Industrial Cluster Baddi Barotiwala Nalagarh Industrial Association, Baddi during the year 2021-22.

SPD (STRIVE) accorded sanction vide letter No. STV(IT)H-A(3)-2/NCVT/App.-IAI/2020-Vol.I/40650-51 dated 15.7.21 to transfer the funds of Rs. 2992400 to the Selected IC under STRIVE (BBN, Baddi).

Addl. Chief Secretary (SJ&E) to the Govt. HP vide letter No. SJE-B-C(10)-14/2012 dated 13.9.2021 conveyed the approval for grant of additional amount of Rs. 1007600 under Result Area 4

Member Secretary, BBNIA-Industry cluster vide his letter No. BBNIA (STRIVE)/D/2021-001 dated 12.6.2021 submitted IAI proposal on behalf of BBNIA- Industrial Cluster under STRIVE Project 2021 for amounting to Rs. 108 lakh. Accordingly an amount of Rs. 2992400 and amount of Rs. 1007600 was released to BBN Industrial Association, Baddi through PPA on 25.7.2021 and on 12.01.2022 respectively as advance. Out of the funds released an amount of Rs. 1361000 was incurred by the IC (BBN, Baddi) and remaining funds were lying unutilized with them as of January 2022.

From the above it would be seen that out of advance funds of Rs. 40.00 lakh provided by the DGT, MSDE, GoI under Result Area-4 for further release to the IC, only funds of Rs. 13.61

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lakh was utilized and remaining funds were lying unutilized with the IC as of January 2022. This not only resulted in blockage of funds of Rs. 26.39 lakh at IC level but also non release of subsequent trenches under RA-4 component.

In reply to Audit Memo No. 6 dated 15.2.2022, Dy. Director while confirming the facts stated that fund allocation under RA-4 was on Performance Based Grants Agreement basis and the State has achieved its first KPI i.e. signing of Tripartite Agreement. Further remaining 2nd and 3rd KPIs were in progress. 2nd KPI's capacity building plan is about to execute by the end of March 2022. Thus due to non achievement of prescribed KPI/milestone, not only deprived off from the remaining funds/trenches so far but also intended benefits could not be provided to the beneficiaries, as envisaged.

**Para 5: Unjustified purchase of equipment under Result Area-2 - Rs.18.58 lakh.**

As per Annexure 27: Protocol for asset purchase for Result Area 2, the SPIU is permitted to purchase or develop only those assets which are required to be purchased/developed for undertaking activities for achieving the KPI targets.

Further as per para 3.2.6, the Eligible and Ineligible expenditure:-

A State/UT may incur expenditure on any reform activity related to the achievement of the KPIs, or any activities related to skill development. Indicative activities are such as upgradation of ITIs, improving teaching and learning within ITIs, promotion of apprenticeship in the State/UT, hiring project management consultants to augment management capabilities of SPIU, organizing innovation fairs for ITI trainees, upgrading infrastructure for Government ITIs including Women ITIs, training of trainers in industry and reputed institutes, assessment studies for identifying local area needs, and managerial training of state officials in reputed institutes among others. The project encourages engaging engineering students pursuing M. Tech / B. Tech as guest faculty.

Scrutiny of records revealed that the SPIU Sundernagar had purchased a large number of equipments for Directorate of Technical Education during 2019-21 amounting to Rs.1857919 under result area 2. Further it was also noticed that the equipments purchased were in excess than the requirement of the SPIU staff involved in Strive activities because there were only four persons, who were directly involved in STRIVE Project from Directorate of Technical education i.e Director, Dy Director, ITI Specialist and Team leader.

Further it was observed that these equipment are being used by regular Staff of the directorate not involved in STRIVE activities directly in contravention to the Strive operational Manual. The requirement of equipment for use of regular staff needs to be fulfilled from regular budget of directorate. However, these equipments required to be used for undertaking activities for achieving the KPI targets.

The details of items purchased by SPIU for Directorate of Technical Education from RA-2 funds are as follows:-

<u>Sl No.</u>	<u>Voucher No./date</u>	<u>Name of items</u>	<u>Qty</u>	<u>Location</u>	<u>Amount (in Rs.)</u>
01	11(ii)/ 24.07.20	Photostate Machine	1	PS to Director, (Directorate Sundernagar)	182999
02	11(i)/ 24.07.20	Aqua Guard	2	Ground Floor and first floor (Directorate Sundernagar)	19096
03	34/ 06.03.21	Photostate Machine	1	Establishment Branch Polytechnique (Directorate Sundernagar)	57950
04	45/ 30.03.21	Photostate Machine	1	Establishment Branch ITI (Directorate Sundernagar)	78119
05	14/ 01.10.20	Espon Printer	9	ACF(F&A), Asst Dir (A&A), PA ,Supt Grade I (2), Store, Establishment Branch and NCVT Branch (Directorate Sundernagar) (Total -8)	80910
06	17/ 25.11.20	Air Conditioner	3	Director Sundernagar and Conference Hall (Directorate Sundernagar)	138699
07	17/ 25.11.20	Computers	6	Joint DIRECTOR, Supt, Clerk, JOA(IT), Sr. Asst. (Directorate Sundernagar) (Total -5)	317676
08	23/ 21.01.21	Desktop Computers	15	Director, Addl Director, JD(Tech), JC(F&A), DDT(T&P), DDT-I, DDT-II, Consultant, Supdt NCVT Branch, TO-I TO-II, Supdt Legal Branch, Principal (Directorate Sundernagar) (Total-13)	982470
<b>Total</b>					<b>1857919</b>

The use of above equipments for use of regular staff of Director of Technical Education had resulted in ineligible expenditure amounting to Rs. 1857919/- because the equipment purchased for Directorate of Technical Education was also not under eligible expenditure under RA-2.

In reply to audit memo. 18 dated 25.02.2022; the Deputy Director project accepted the observations and did not furnish any approved procurement plan and any cogent reasons for the above purchase.

**Para 6 - Loss of revenue due to non-credit of interest in project bank account Rs. 8.38 lakh.**

Rule 3 (1) of HPFR 2009 states that all moneys received by or on behalf of the Government either as dues of the Government or otherwise for deposit, remittance, and withdrawal there from, shall be brought into Government Account immediately, in accordance with such general or special

rules as may be issued under the Constitution and under any other rules and instructions of the Government, issued from time to time.

Further as per RBI direction banks are permitted to open savings Bank accounts in the name of Government departments/departments/bodies/agencies in respect of grants/subsidies released for implementation of various programmes/schemes/sponsored by the Central Govt vide circular RBI/2005-06/399, RPCD.CO.RF.BC No. 87/07.38.01/2005-06 dated 06.06.2006.

As guidelines of Bank of India, Interest shall be paid on SB Deposits at the prescribed rate of Interest. Interest is calculated on daily products and will be credited in the SB A/c on quarterly basis in the months of May, August, November, and February, respectively every year.

During test check of records of STRIVE Project, it was noticed that the SPIU(State Project implementing Unit) did not open a sweep saving account which provides a higher rate of interest. instead the project had opened a current bank account (A/c no. 79201021000010) in Bank of India due to which no interest was credited on the amount deposited from 01.08.2019 to 31.03.2021.

It was confirmed from bank by SPIU that saving bank interest was between 4 percent/annum and 2.9 percent/annum during period 01.08.2019 to 31.03.2021. Due to non-credit of interest from 01.08.2019 to 31.03.2021 at the prescribed rates resulted a loss of revenue to the Government amounting to Rs. 833771.00. The details of interest calculated are placed at annexure "A" to this para.

Non credit of Interest due to non opening of saving bank account resulted a loss of interest of Rs. 8.38 lakh to Govt in contravention to rule ibid.

In reply to audit memo 12 dated 21.02.2022, the Deputy Director project stated that the current account was opened as per directions received from Director (Project) New Delhi. The reply is not tenable because in financial rule there was no direction for opening current bank account. Rule 230(8) GFR 2017 clearly state that all interests or other earning against Grants in aid or advances released to any Grantee institution should be mandatorily remitted to the consolidated funds of India immediately after finalization of accounts.

#### Annexure 'A'

##### Details of loss of revenue due to non-credit of interest

Date from	Date to	Day	Deposit	Int	Deposit +interest	Withdrawal	Balance	Rate of interest	Interest amount (in Rs.)
01.08.19	31.08.19	31	4800000	0	4800000	0	4800000	4	16306.85
01.09.19	31.10.19	61	0	0	0	0	4800000	3.75	30082.19
01.11.19	26.11.19	26	0	46389	46389	0	4846389	3.5	12082.78
27.11.19	31.01.20	66	8900000	0	8900000	0	13746389	3.5	86997.69
01.02.20	19.02.20	19	0	99080	99080	0	13845469	3.5	25225.31
20.02.20	02.03.20	12	1900000	0	1900000	0	15745469	3.5	18118.07



07.03.20	05.03.20	2	0	0	0	160307	15585162	3.5	2988.94
08.03.20	13.03.20	8	0	0	0	1416000	14169162	3.5	10869.49
14.03.20	09.04.20	27	1000000	0	1000000	0	15169162	3.5	39273.58
10.04.20	30.04.20	21	0	0	0	0	15169162	3	26182.39
01.05.20	10.07.20	40	0	122658	122658	0	15291820	3	50274.48
11.07.20	16.07.20	6	102082000	0	102082000	0	117373820	3	57882.98
17.17.20	23.07.20	7	0	0	0	102082000	15291820	3	8798.03
24.07.20	31.07.20	8	0	0	0	374047	14917773	3	9808.95
01.08.20	30.08.20	30	0	126764	126764	0	15044537	3	37096.12
31.08.20	17.09.20	18	0	0	0	84030	14960507	3	22133.35
18.09.20	30.09.20	13	20318000	0	20318000	0	35278507	3	37694.84
01.10.20	13.10.20	13	0	0	0	20398910	14879597	2.9	15368.79
14.10.20	31.10.20	18	0	0	0	86583	14793014	2.9	21156.04
01.11.20	01.11.20	1	0	133449	133449	0	14926463	2.9	1185.94
02.11.20	04.11.20	3	0	0	0	156600	14769863	2.9	3520.49
05.11.20	24.11.20	20	0	0	0	17400	14752463	2.9	23442.27
25.11.20	04.12.20	10	0	0	0	465808	14286655	2.9	11351.04
05.12.20	15.12.20	11	16307600	0	16307600	0	30594255	2.9	26738.54
16.12.20	29.12.20	14	0	0	0	116000	30478255	2.9	33901.84
30.12.20	05.01.21	7	0	0	0	1400000	29078255	2.9	16172.29
06.01.21	20.01.21	15	0	0	0	235129	28843126	2.9	34374.68
21.01.21	27.01.21	7	0	0	0	1076395	27766731	2.9	15442.87
28.01.21	31.01.21	4	0	0	0	71569	27695162	2.9	8801.75
01.02.21	02.02.21	2	0	174932	174932	0	27870094	2.9	4428.67
03.02.21	09.02.21	7	0	0	0	850005	27020089	2.9	15027.61
10.02.21	14.02.21	5	0	0	0	1124005	25896084	2.9	10287.49
15.02.21	17.02.21	3	0	0	0	1260000	24636084	2.9	5872.16
18.02.21	02.03.21	13	7292560	0	7292560	0	31928644	2.9	32978.35
03.03.21	05.03.21	3	0	0	0	480482	31448162	2.9	7495.86
06.03.21	07.03.21	2	0	0	0	57950	31390212	2.9	4988.03
08.03.21	09.02.21	2	0	0	0	11600	31378612	2.9	4986.19
10.03.21	18.03.21	9	0	0	0	376002	31002610	2.9	22168.99
19.03.21	21.03.21	2	0	0	0	219555	30783055	2.9	4891.55
22.03.21	23.03.21	2	0	0	0	206325	30576730	2.9	4858.77
24.03.21	29.03.21	6	0	0	0	10760828	19815902	2.9	9446.48
30.03.21	31.03.21	2	0	0	0	506124	19309778	2.9	3068.40
Total interest									833771.15

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**Para 7: Non preparation of Annual accounts/Annual Financial Statements by State Societies/ Project ITIs /Project ICs.**

As per Para 4.1.4.2 of OM (Financial & Accounting Systems at State Society/Project ITIs/Project ICs), The Project Annual Financial Statements will be prepared by all the implementing agencies. Such Financial Statements should include:

- A summary of funds received Result Area-wise
- A summary of expenditure shown under the project result area/activities/headings and by categories of expenditures, both for the current fiscal year and accumulated to date; and
- A Balance Sheet showing Accumulated Funds of the Project, bank balances, other assets of the project, and liabilities, if any. If any IA under the project can not maintain a Balance sheet on account of existing accounting system, the Project Financial Statement of such IA should include in the form of statement (apart from above summary of Expenditures) at the end of every financial year (a) unspent bank balance of the project (b) category-wise assets purchased by the beneficiaries from project funds with date of such purchase along with its location (c) project related unpaid bills/liabilities as at the end.

As an annex to the Project Financial Statements, the auditor should audit a reconciliation statement (prepared by the State Societies) between the amount shown as 'received by the State Society from GoI' and that shown as being disbursed by the State Society to project ITIs / ICs in the state.

The Annual Financial Statement would be prepared by the finance unit/accounts officer of each IA as a part of their normal accounting and financial reporting process.

Similarly, the annual audit of the State Societies will be conducted by a Statutory Auditor, which is a Chartered Accounting Firm, empanelled with CAG. The audited financial statements and audit report for the last financial year will be uploaded on the State Directorate and project website within six months of the close of the year.

An Audit Committee would be set up at each State Directorate to review the audit reports and ensure compliance with the internal auditors' recommendations. Composition of such audit committee may be defined by respective State Directorates under guidance of respective State Steering Committee. Each SPIU needs to submit the minutes of meeting of Audit Committee to NPIU within 30 days of finalization of minutes.

It was noticed in audit that neither Annual Accounts/Annual Financial Statements was prepared by State Project Implementing Unit as well as by other Implementing agencies (selected it is/ICs) in the State as a part of their normal accounting and financial reporting process nor reconciliation statement prepared by the State Societies between the amount shown as 'received by the State Society from GoI' and that shown as being disbursed by the State Society to project ITIs / ICs in the state., during 2019-20 & 2020-21 as required under Operational Manual.

Similarly, the annual audit of the State Society (SPIU) was also not got conducted from a Statutory Auditor, which is a Chartered Accounting Firm, empanelled with CAG.

In reply to Audit Memo No. 3 dated 10.2.2022, the State Project Director (STRIVE) while confirming the facts stated that annual financial statements of SPIU as well as other Implementing Agencies in the State will be prepared now as required. As regard to non conducting of annual

audit of State Society, he stated that a clarification had been received from the Office of the Director General of Training, GoI, New Delhi which indicate that CAG has been authorized to conduct external audit/statutory audit of the State Societies/State Directorate, so there was no need to engage separate auditor under this project. The reply was not tenable because Annual accounts/Annual financial statements were to be prepared by State Societies/Project ITIs /Project ICs and annual audit of the State Society (SPIU) was also to be got conducted from a Statutory Auditor, which is a Chartered Accounting Firm, empanelled with CAG, as per provision of the Operation Manual of STRIVE Project.

**Para 8: Blockage of funds provided for establishment of SAMC-Rs. 48.00 lakh**

H.P. Financial Rules, 2009 provide that funds should not be withdrawn from the treasury unless required for immediate disbursement.

It was noticed in audit that Directorate General of Training, MSDE, GoI vide letter No. DGT-35(4)/SAMC/2017-NPIU dated 28.2.2019 released funds of Rs. 48.00 lakh as grant-in-aid to the State of HP for establishment of State Apprenticeship Monitoring Cell (SAMC) under the Central Sector Scheme of Skill Strengthening for Industrial Value Enhancement (STRIVE) World Bank assisted Project during the FY 2018-19. As per condition No. (v) of the sanction letter dated 28.2.2019, the funds must be utilized within March 2020 or closure of STRIVE scheme whichever is earlier as notified from time to time. Scrutiny of records further revealed that entire funds were lying unutilized as of March 2020 with the SPIU which resulted in blockage of funds and denying of intended benefits as envisaged in the scheme guidelines.

In reply to audit memo No. 15 dated 24.2.2022, Dy. Director while confirming the facts stated that SAMC consist of primarily public meetings and mainly workshops to create a awareness and promote the benefits of Apprenticeships Training Scheme among establishments in all over the State, hence due to COVID restrictions above said activities under SAMC could not be exercised effectively. The reply is not tenable because as per conditions stipulated in the sanction accorded by the DGT, the must be utilized within March 2020, however, entire funds were lying unutilized with the SPIU as of March 2020 which has resulted in blockage of funds to that extent.

**Para 9 : Non-deduction of TDS under GST rules for purchase of equipment - Rs. 1. 26 Lakh.**

Circular No. 65/39/2018-DOR dated 14.09.2018 and Notification No. 50/2018 – Central Tax dated 13.09.2018 issued by the Department of Revenue provides for deduction of the TDS @2%, by the Government Agencies (Deductor) or any other person to be notified in this regard, from the payment made or credited to the supplier (Deductee) of taxable goods or services or both, where the total value of such supply, under a contract, exceeds two lakh and fifty thousand rupees.

During the test check of the records of Govt. ITIs under STRIVE Project, it was noticed that four Govt ITIs (Nadaun, Paonta Sahib, Baijnath and Palampur) purchased equipments/tools for upgradation of ITIs amounting to Rs. 7493559/- . These ITIs did not deducted TDS under GST rules @ 2% amounting to Rs.126143/- on taxable value of Rs. 6307191 /- for purchase of goods more than two lakh and fifty thousand rupees under a contract. The details of items on which TDS under GST rules not deducted are given in Annexure “B” to this para.

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In view of the above, the TDS under GST rules amounting to Rs. 1.26 lakh could not be deposited in Govt Account.

In reply to Audit Memo No. 16 dated 25.02.2022, ITI Rail, at Nadaun stated that they came to know about the deduction when the internal audit was conducted and they had obtained the GST return statement from the concerned firm. ITI Paonta Sahib stated that only one bill exceeds the limit of 2.5 lakh, the reply is not tenable as the contract amount exceeds 2.5 lakh (excluding GST) in a single day i.e 21.12.2020 from same supplier " Promark Tech solutions(P) Ltd. ITI Palampur stated that they were not aware of deducting TDS under GST rules. ITI Baijnath Stated that they were not having GST/TDS number and amount of TDS deposited with TAN No. PTLI11345F. In future they will deduct the same under GST Rule.

**Annexure "B"**

**Details of Items on which TDS on GST Not deducted**

<u>Sr No</u>	<u>Name of Govt ITI</u>	<u>Name of Firm</u>	<u>Bill No./Date</u>	<u>Items</u>	<u>Qty</u>	<u>Bill amount including GST (in Rs.)</u>	<u>Taxable Amount (in Rs.)</u>	<u>TDS (GST) @2%</u>
01	Nadaun at Rail	Ellora Computers	GST-2352 /17.02.21	Acer Desktop	14	820582	695408	13908
02		-do-	GST-2352 /17.02.21	Acer Desktop	9	527517	447048	8941
03		GENTEK POWER	INV358/ 05/03/21	SILENT DGSET 62.5 KVA	1	496800	421016	8420
04		SHIV SALES CORP	057-057/ 15.03.21	MISC TOOLS		461898	391439	7829
05		Sanjeev Kumar, Contrator	201/ 01.02.21	Double Needle Machine Bar Tack Machine	01 each	337120	301000	6020
06		-do-	209-210/ 16.02.21	Misc tools		353587	299650	5993
07		Ellora Computers	GST-2742/ 25.03.21	Acer 1000 all in one PC	5	289065	244970	4899
08		-do-	GST-2493 03.03.21	Acer 1000 all in one PC	8	462504	391952	7839
09	Paonta Sahib	PromarkTech solutions(P) ltd	1329/ 21.12.20	Interactive Flat Panel Display	2	297899	232733	4655

10		-do-	1330/ 21.12.20	OPS-8471 with wall mount	2	112100	94999	1900
11		-do-	1327/ 21.12.20	Interactive Flat Pannel Display	2	243200	190000	3800
12		-do-	1328/ 21.12.20	OPS-8471 with Wall Mount	2	96759	77000	1540
13	Bajjnath	SatlujDocu ment Company	SDC/202021/ 548/21.09.20	HP AIO	13	951600	806440	16129
14		-do-	SJC/202021/ 728/ 9.11.20	Interactive Flat Panel Display	1	279702	218517	4370
15	Palampur	Rain bow Technologies	RT/20- 21/1163/02.1 1.20	Lenovo M920 Desktop	5	374000	316949	6339
16		Ellora Computers	GST-1856/ 12.12.20	HP Desktop	7	457106	387377	7747
17		Wood Square Tech	WSTPL/20- 21/258/ 22.01.21	Digi Podium	1	294120	249254	4985
18		-do-	WSTPL/20- 21/252/ 22.01.21	Audio Podium	1	60000	50847	1017
19		-do-	WSTPL/20- 21/256/ 22.01.21	Hyundai LCD Interactive Panel	1	300000	254237	5085
20		-do-	WSTPL/20- 21/133/ 22.01.21	Interactive panel	1	278000	236355	4727
Total						7493559	6307191	126143

**Para 10: Irregular purchase of software for training lab - Rs.6.69 lakh.**

As per table 33 of strive operational manual ITI should adhere to state financial rules for procurement.

Rule 98(1) of HPFR 2009 states that purchase of goods costing above Rs. 3,000/- (three thousand rupees) only and up to Rs.1, 00,000/- (one lac rupees) only on each occasion may be made on the recommendations of a duly constituted Local Purchase Committee consisting of three members of an appropriate level as may be decided by Head of the Department.

Further Rule 103(1) of HPFR 2009 states Limited Tender System shall be adopted when estimated value of the goods to be procured is upto Rs. 10 lacs (ten lacs rupees) or such limit as may be prescribed. Preference shall be given to the supplier having depot or dumps within the territory of Himachal Pradesh. Copies of the tender documents shall be sent directly by speed post

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or registered post or courier or e-mail to the firms dealing in required goods to obtain more responsive bids on competitive basis. The number of firms in Limited Tender System shall not be less than three.

Scrutiny of records revealed that the Govt Industrial Training Institute (ITI) Solan purchased softwares for digital training lab amounting to Rs. 669060/- vide PFMS payment advice C0321080004981 dated 31.03.2021. The ITI did not invite limited tender and purchased softwares from M/s Asha Enterprises directly. The details of softwares purchased are as follows:-

<u>Sl No.</u>	<u>Name of software</u>	<u>Qty</u>	<u>Amount</u>
01	English Language Lab software + Teacher Console	20+1	171100
02	Career Lab Software + Teacher Console	20+1	248980
03	Aptitude Lab Software + Teacher Console	20+1	248900
Total			669060.00

This had resulted in irregular purchase amounting to Rs. 669060.00 in contravention to HPFR 2009.

In reply to audit memo.14 dated 23.02.222, the Deputy Director (Project) replied that the item purchased is of proprietary nature. The reply is not tenable as these are general software and as per rule 104(2), the certificate to be obtained that to this effect, the rates quoted by them are identical to those approved by Director General of Supplies and Disposals and/ or Comptroller of store, Himachal Pradesh. Secondly the order was not placed in GeMS and bids were not called thrice to ascertain the availability of software through GeMS.

**Para 11: Cash payment made by SPIU Sundernagar - Rs.0. 89 lakh**

Para 4.1.4 of operation manual and Director Technical Education letter no. STV(IT)H F(7)-2 /NCVT/STRIVE/2018-42031-50 dated 20.07.2020, the ITIs shall make all payments, as bank transfers from the Project Account through PFMS.

Further as per GoHP notification no. Fin(C)A(3)-5/2004 dated 23 August 2011 states that all payment of ₹ 10,000/- or above, pertaining to contracts or for purchase/procurement of goods/services shall be made electronically through RTGS/NEFT to the Contractor/Supplier/Individual concerned.

During test check of internal auditors report for the period 01.04.2020 to 30.09.2020 in respect of SPIU Sundernagar (ITI Nalagarh), it was noticed that the SPIU Sundernagar made cash payment amounting to Rs. 89315.00 on 24.07.2020, which was against the provision of Operational Manual.

In reply to audit memo.10 dated 18.02.2022, the Deputy Director (Project) stated that payment was made by ITI, Nalagarh on 22.08.19 and the ITI Nalagarh stated that it was not

registered under PFMS at the time of making above payment. Reply is not tenable as no cash payment is to be made above Rs. 10,000/- as per rule ibid.

**Para 12: Non submission of Utilization Certificates to NPIU - Rs. 111.61 Lakh.**

Refer to para 4.1.5 of operational manual for STRIVE, which state that SPIU should submit Utilization Certificates (UCs) to NPIU in the format as per Annexure 25 A for the expenditure incurred while submitting proposals for release of subsequent installment.

The scrutiny of the records and as per information provided by SPIU Sundernagar revealed that a total amount of Rs. 162600000/- was received for result area -1 , result area-2 and SMAC during the period 2019-2021. This amount was required to be incurred upto 31 March 2021 and UCs to be submitted to NPIU for subsequent release of funds. The SPIU did not furnished UCs amounting to Rs. 11161717/- to NPIU as on January 2022 . The details of funds received and UCs not submitted to NPIU are as follows:-

<u>Sr NO.</u>	<u>Result Area</u>	<u>Year</u>	<u>Amount received by SPIU</u>	<u>Utilisation Certificate not Sent to NPIU for fund received upto 31 March 2021</u>
01	RA-1	2020-21	122400000	5361717
02	RA-2	2019-20	11800000	0
03	RA-2	2020-21	23600000	1000000
04	SAMC	2019-20	4800000	4800000
Total			162600000	11161717

Not submitting of UCs to NPIU resulted in delay of further receiving funds which was in contravention to guidelines of operation manual.

In reply to audit memo 13 dated 22.02.2022, Deputy Director (Project) stated that fund could not be incurred due to COVID -19, Reply is not tenable as fund should be incurred during same financial year in which they were received and utilizations certificates were required to be submitted to NPIU accordingly.

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**Para 13: Delay in actual receipt of funds at SPIU level.**

As per section 4.1.3 of OM, there should be no delay in release of funds from the State Treasury to respective State Skill Societies, the time frame should not be more than 10 days for transfer of such funds and same would be clearly mandated in the Fund Transfer Advice/Sanction Order from NPIU.

It was noticed in audit that there was delay in receipt of funds from the date of sanction of funds by DGT, MSDE, GoI and actual credit at SPIU level as detailed below:

(Rs. in lakh)

S.No.	Component	Funds allotted	Sanction date (GoI)	Actual credit date at SPIU			Delay in days
				SCSP	General	TSP	
1.	Result Area-2	118.00	14.6.2019	19.00 19.2.2020	89.00 26.11.2019	10.00 13.3.2020	Between 164 & 273
	-do-	236.00	23.9.2020	59.45 17.2.2021	163.08 4.12.2020	13.47 17.2.2021	Between 71 & 146
2.	Result Area-1	1224.00	28.4.2020	203.18 17.9.2020	915.55 10.7.2020	105.27 10.7.2020	Between 72 & 110
3.	SAMC	48.00	28.2.2019	48.00 (1.8.2019)			153

From the above it can be seen that there was delay ranging between 71 days and 273 days from the date of sanction of funds by the GoI and actual receipt of funds at the SPIU level. Thus due to delay in actual receipt of funds at SPIU level has resulted in short/non release of subsequent trenches from the GoI funds due to non achievement of financial and physical targets in the prescribed time scheduled, as envisaged in the OM.

In reply to Audit Memo No. 19 dated 26.2.2022, Dy. Director while confirming the facts stated that funds were sanctioned by GoI component-wise i.e. General, SCSP & TSP. After receipt of sanction from the GoI, the case for General & TSP components was sent to the Finance Department to make the budget provision. As far as the SCSP component is concerned, the case is sent to the Director, SC/ST & Minorities. The Director SC/ST & Minorities send the case to Secretary (Finance) through his Administrative Secretary. After approval from the Finance Department, the sanction is enrooted to this Department through Administrative Secretary. Thereafter on the basis of sanction/approval received from the Administrative Secretary, the bill is produced to treasury to draw the amount. In this whole process, obviously time is taken. Thus due to delay at various channels delay occurred in receipt of funds at SPIU level resulted in non achievement of milestone.

**Para 14: Invalid selection of Team Leader.**

Refer to Para 6.1 of operational manual for STRIVE the team leader is to be selected for 6 month in a year with a qualification of Master Degree/ PhD in Technical field with a minimum



15 years of professional experience including working on projects with international funding agencies and ITIs.

During test check of records, it was noticed that the team leader had joined in 05/06/2021 with a qualification of MA English with LLB & 15 years of experience against the qualification Master Degree/ PhD in Technical field in contraventions to guidelines of OM.

In reply to audit memo. 5 dated 15.02.2022, the Deputy Director (Project) stated that the qualification of Team Leader is master degree along with LLB & relevant experience of 15 years and State Project Director entrusted team leader with the additional responsibilities of M&E specialist and procurement specialist. The Reply is not tenable because Deputy Director (Project) did not furnish any justification for selection of team leader against the qualification of Master Degree/ PhD in Technical field.

**Para 15:- Non-adherence to Coverage of Internal Audit.**

As per Para 6.3 of Operational Manual of Project STRIVE, the Internal auditors to summarize key issues and risks from a review of Annual / Statutory Audit report. Auditor will also provide variance report as per approved annual action plan and budget, and Auditor to certify that the utilization certificates of funds at each Beneficiary are prepared Result area Wise and provided to respective SPIU / NPIUs as the need arises.

During Scrutiny of records, it was observed that:-

- (a) Internal auditor did not summarize key issues and risks from a review of Annual / Statutory Audit report.
- (b) Auditor had not provided variance report as per approved annual action plan and budget.
- (c) Auditor did not certify that the utilization certificates of funds at each Beneficiary are prepared Result area wise.

In reply to audit memo 4 dated 14.02.2022, Deputy Director (Project) stated that internal auditor followed work as per coverage of area and utilization certificate did not fall in his purview, reply is not tenable as (i) no statutory auditor was hired by the Project, (ii) variance report was not provided by the SPIU and (iii) the internal auditor did not certify the utilization certificates of funds at each beneficiary are prepared result area wise.

**Para 16: Non-conducting of physical verification of store items procured under STRIVE Project.**

Para 4.1.6 of operational manual for STRIVE project, states that SPIU will be authorized to conduct surprise physical verification of such assets created with reference to Statement of Assets/Asset Register. Further rule 140 of HPFR 2009 states that: -

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(1) The officer-in-charge of the stores shall cause to maintain the inventory for fixed assets, consumable goods and dead stock or unserviceable items.

(2) Head of the Department shall conduct the physical verification of fixed assets, consumable goods and dead stock or unserviceable items or cause it to be conducted through his subordinate officer (s) or through a committee constituted either by him or by the State Government, at least once in a year.

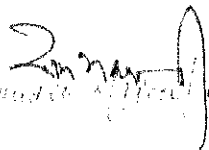
During test check of record of STRIVE project, it was noticed that physical verification of "asset purchased for STRIVE project" was not done by SPIU, as required in the provisions of operational manual and HPFR 2009.

In reply to audit memo. 9 dated 16.02.22, the Deputy Director (Project) accepted the facts and stated that physical verification would be done and compliance will be intimated to audit.

### **PART-III**

*(Follow up on findings outstanding of previous Inspection Reports)*

This being the first audit of STRIVE Project, no review of old para involved.

  
25.02.2022