

Indian Audit and Accounts Department  
Principal Accountant General (Audit)  
Himachal Pradesh, Shimla-171003



*Speed Post*  
भारतीय लेखा तथा लेखा परीक्षा विभाग  
प्रधान महालेखाकार (लेखा परीक्षा)  
हिमाचल प्रदेश, शिमला-171003

पत्र संख्या : ए०एम०जी०1-/EAP/Audit Certificate/STRIVE/2021-22/2022-23/1807 दिनांक 21 02 2023

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 2021-22 के लेखापरीक्षा प्रमाण पत्र।

महोदय,

मैं इस पत्र के साथ उपर्युक्त विषय के अंतर्गत परियोजना के ऋण संख्या 5695-IN वर्ष 2021-22 का लेखा परीक्षा प्रमाण पत्र सलंग्न कर रहा हूँ।

सलंग्न : उपरोक्त

भवदीय,

*- इत्या -*  
उप-महालेखाकार  
ए०एम०जी- 1

DDT

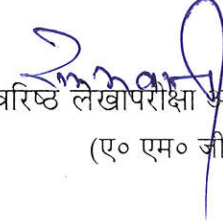
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संख्या: ए०एम०जी०-1/ई०ए०पी०/ले०प० प्रमाण पत्र/STRIVE/2021-22/2022-23/1808-11 दिनांक 21.02.2023

प्रतिलिपि लेखा परीक्षा प्रमाण पत्र व लेखा परीक्षा तथा निरीक्षण टिप्पणी सहित निम्नलिखित को सूचनार्थ एवम आवश्यक कार्यवाही हेतु प्रेषित है:-

- 1) अतिरिक्त मुख्य सचिव (एफ०वी०) वित्त मंत्रालय, हिमाचल प्रदेश सरकार, शिमला - 2
- 2) अतिरिक्त सचिव (एफ०वी०) वित्त मंत्रालय, भारत सरकार, आर्थिक कार्य विभाग, नार्थ ब्लॉक, नई दिल्ली -110001
- ✓ 3) परियोजना निदेशक-सह-निदेशक (STRIVE) तकनीकी शिक्षा व्यावसायिक और औद्योगिक प्रशिक्षण, सुन्दरनगर हिमाचल प्रदेश - 175019
- 4) वरिष्ठ लेखा परीक्षा अधिकारी समन्वय अनुभाग (स्थानीय)

  
वरिष्ठ लेखा परीक्षा अधिकारी  
(ए० एम० जी०-1)

**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 ended on 31.3.2022**

**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, 2022.

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 2022 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, 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. 554.92 lakh was incurred on different activities under RA-1, RA-2, RA-4(SAMC & IC) & SPIU during the year 2021-22.

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

(As on 31<sup>st</sup> March 2022)

(in lakh)

Accounting Year	Result Area	Opening Balance	Fund Released during Year 2021-22	Unutilized fund returned by ITIs & IC	Expenditure incurred till 31 <sup>st</sup> March 2022	Balance as on 31.03.2022 7= (3+4+5-6)
1	2	3	4	5	6	7
2021-22	RA-1	0	395.87	41.70	65.45	372.13
	RA-2	140.33	283.20	0	408.41	15.12
	RA-4(IC)	0	40.00	28.33	50.92	17.41
	SPIU	0	30.00	0	12.10	17.90
	SAMC	45.73	0	0	18.04	27.69
	Total	186.07*	749.07	70.03	554.92	450.25

\*This amount excludes Rs. 420.33 lakh taken in the closing balance for the year 2020-21 as the amount though was released to the ITIs but was not utilized.

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. Observations as made by Audit 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:**

<b>Paras &amp; Observations of IR</b>	<b>Title</b>	<b>Amount (in lakh)</b>
Para-1	Irregular expenditure incurred on arranging apprenticeship training and workshop from SAMC budget.	3.50
Para-4	Distribution of seven laptops to the staff not involved in the activities of STRIVE scheme and parking of two laptops in store branch resulted in irregular expenditure.	6.81
Para-6	Excess expenditure incurred on office equipment component against the funds allocated by the GOI.	7.39

  
**Deputy Accountant General**  
**(AMG -1)**

Dated: 21.02.2023

**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 2021-22, no management letter has been prepared.

  
**Deputy Accountant General  
(AMG-I)**

**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 04/2021 to 03/2022.**

**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: -

<b>Sr. No.</b>	<b>Name of the Project Director</b>	<b>Period</b>
1.	Sh. Vivek Chandel, 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	Fund released during the year 2021-22	Unutilized fund returned by ITIs & IC	Expenditure incurred during 2021-22	Total Available balance as on 31-03-2021
2021-22	RA-1	186.07	395.87	41.70	65.45	372.13
	RA-2		283.20		408.41	15.12
	RA-4		40.00	28.33	50.92	17.41
	SPIU		30.00		12.10	17.90
	SAMC		Nil		18.04	27.69
	<b>Total</b>	<b>186.07</b>	<b>749.07</b>	<b>70.03</b>	<b>554.92</b>	<b>450.25</b>

Certification of "Skills strengthening for Industrial Value Enhancement" "STRIVE" project for the period 2021-22 was conducted by an audit party consisting Sh. Arjun Singh Kapoor, Senior Audit Officer, Sh. Gaurav Parihar, Asstt. Audit Officer and Sh. Subhash, Supervisor from 21.11.2022 to 01.12.2022. The certification of the accounts has been made on the basis of records/information supplied by the State 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. 21.11.2022 to 01.12.2022 as per the provision of Operation Manual, STRIVE Project and as per records maintained by various Implementation Agencies of the Project to be checked and verified with the books of accounts (Cash Book, Bank Pass Book, Vouchers) for the year 2021-22.



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

(Audit Findings)

**PART-II-(A)**

**(Significant Audit Findings)**

**PART-II (B)**

**(Other incidental Audit Findings)**

**Para 1: Irregular expenditure incurred on arranging apprenticeship training and workshop from SAMC budget: Rs.3.50 lakh**

Director General of Training, Ministry of Skill Development and Entrepreneurship vide No. DGT-35(4) SAMC 201/NP 10 dated 28-02-2019 sanctioned an amount of Rs. 48.00 lakh towards establishment of State Apprenticeship Cell (SAMC) under STRIVE project in Himachal Pradesh. As mentioned in the sanction the fund was to be utilized before 31st March 2020 or closure of STRIVE scheme whichever is earlier and the Grant in Aid was to be utilized only for the purpose for which it is released.

The operations manual of the Skills Strengthening for Industrial Value Enhancement (STRIVE) provides illustrative breakup for SAMC budget of Rs.48.00 lakhs (1. Salary, a). Deputy Director-1 No: Rs.12.00 lakh, b). Consultant-1 No (Manufacturing Sector): Rs.9.60 lakh, c). Consultant-1 No. (IT Consultant): Rs.8.40 lakh, d). Support staff- Data Entry Operator-1 No: Rs.1.80 lakh, e). Support staff- Multi tasking staff-1 No: Rs.1.20 lakh) 2. Office equipment: Rs.8.50 lakh, 3. Rental for office @25,000 per month: Rs.3.00 lakh, 4. Stationery: Rs.1.00 lakh and 5. Travel Cost (for 15 days per month @ Rs.1200 per day)- Rs.2.16 lakh)

During audit and certification of STRIVE fund, it was noticed that out of budget of Rs. 48.00 lakh, an expenditure of Rs. 36.06 lakh only has been incurred till date of audit (Sept 2022). Further, out of Rs. 36.06 lakh SAMC fund, the management of STRIVE has incurred an expenditure of Rs.3.50 lakh against the Pakhwada Apprenticeship Training Programme. Workshop for promotion to NAPS and Apprenticeship as detailed below: -

Sr. No.	Particulars	Workshop date	Place	Amount
1	Workshop for promotion to NAPS	06-08-2019	Hotel Gianz Nalagarh	47000
2	Workshop for promotion to NAPS	07-08-2019	BBNIA Baddi	42315

3	Pakhwada Apprenticeship Training Programme	01-10-2019 to 15-10-2019	Una	82637
4	Workshop for Apprenticeship	14-03-2022	Nalagarh	69500
5	Workshop for Apprenticeship	22.03-2022	Mandi	18877
6	Workshop for Apprenticeship	26-03-2022	Bilaspur	11192
7	Workshop for Apprenticeship	14-03-2022	Nehranpukhar	53684
8	Workshop for Apprenticeship	16-03-2022	Rail	18110
9	Workshop for Apprenticeship	23-03-2022	Solan	7040
			<b>Total</b>	<b>350355</b>

It is evident from the above table that an amount of Rs. 3.50 lakh was spent on arranging apprenticeship training and workshops while it was clearly mentioned in the Operation Manual that the SAMC fund shall be utilized only on salary of consultant, supporting staff, office equipment, stationary and travel cost. Thus, the expenditure of Rs. 3.50 lakh incurred under SAMC is in contravention of provisions of Operation Manual and also defeated the purpose for which it was released.

In reply to Audit Memo no. 10 dated 24.11.2022, the department while confirming the facts stated that the budget break up of SAMC funds has been sent to Additional Chief Secretary (TE) GoHP for re-appropriation. The expenditure of Rs.3.50 lakh is not irregular expenditure as the same has been incurred in compliance with the office orders. The reply is not tenable as Operational Manual of the STRIVE Scheme did not permit to incur the expenditure on arranging apprenticeship training and workshops. As such, funds released under SAMC should be utilized for salary of consultant, supporting staff, office equipment, stationary and travel cost.

**Para 2: Loss of revenue due to non-credit of interest in project bank account Rs. 15.30 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 per 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. 792010210000010) in Bank of India due to which no interest was credited on the amount deposited from 01.08.2019 to 31.03.2022.

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 31.03.2022. Non-credit of interest for an amount of Rs.193.13 lakh during the period from 01.08.2019 to 31.03.2021 and for an amount of Rs.462.59 lakh from 01.04.2021 to 31.03.2022 at the prescribed rates resulted into a loss of revenue to the Government amounting to Rs. 15.30 lakh. The details of interest calculated are placed at annexure "A" and Annexure "B" to this para.

Non credit of interest due to non-opening of saving bank account resulted a loss of interest of Rs. 15.30 lakh to Govt in contravention to rule ibid.

In reply to Audit Memo no. 9 dated 24.11.2022, the department while confirming the facts stated that no interest has been accrued to the STRIVE funds till 31.03.2022. Final compliance shall be awaited in this regard.

**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
03.03.20	05.03.20	2	0	0	0	160307	15585162	3.5	2988.94
06.03.20	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

**Para 3 - Non -utilization of fund Rs. 141.51 lakhs.**

With the view to increase access to improve the quality and relevance of vocational education and training in the country, the Government of India launched a scheme "Skill Strengthening for Industrial Value Enhancement (STRIVE)" assisted by the word bank with the objective of improving the relevance and efficiency of skill training provided through ITIs and apprenticeship. The operational Manual of STRIVE provides that the fund transferred to the selected ITIs has to submit utilization certificate against all the installments released under this project and also submit un-audited financial statements to State Project Implementing Unit (SPIU) for the immediately preceding quarter.

During test check the record and information furnished by the department, it was noticed that for the implementation of the project STRIVE an amount of Rs. 3070.65 lakh was approved as per Institute Strategic Plan. On signing of Performance Based Grant Agreement Rs. Rs.1224.00 lakh as 40% advance and Rs. 395.87 lakh as per the KPI achieved was released to the 19 selected ITIs under results area-1 vide order dated 28.04.2020 and 06.12.2021, but an amount of Rs. 141.51 lakh was lying un-utilized in the bank accounts of these ITIs to date (July, 2021). Due to delay in

utilization of fund not only resulted in forfeiting the achievement of the targets but also resulted in blockade of Government fund to that extent.

In reply to Audit Memo no. 8 dated 23.11.2022, the department while confirming the facts stated that the balance amount of Rs.141.51 lakh will be incurred in 2022-23. Final compliance shall be awaited.

**Para 4: Distribution of seven laptops to the staff not involved in the activities of STRIVE scheme and parking of two laptops in store branch resulting in irregular expenditure – Rs. 6.81 lakh.**

The Director General of Training, Ministry of Skill Development and Entrepreneurship, Govt. of India sanctioned (23-09-2020) an amount of Rs. 2.36 crore towards 30 per cent advance of the fund allocated to the State for incurring the expenditure under the component Result Area (RA-2) for increasing capacities of State Governments on signing of Performance Based Funding Agreement (PBFA) under the project “Skill Strengthening for Industrial Value Enhancement (STRIVE) with World Bank assistance.

Audit scrutiny of records maintained in the office of the State Project Director (SPD) revealed that SPD had purchased 16 laptops valuing Rs. 12,11,200 (@ of Rs. 75,700 each) to be utilized by the staff involved in STRIVE scheme during conducting of VC and other day to day activities of STRIVE scheme. The details of these laptops distributed to the staff is given below:

Sr. No.	Name	Designation	No. of laptops issued
<b>Staff involved directly or indirectly into the activities of STRIVE scheme</b>			
1.	Sh. Vivek Chandel	Director cum SPD	01
2.	Sh. Deepak Angra	Deputy Director (T&P) cum DDO	01
3.	Sh. Jagdish Chand	Joint Controller, Financial cum Procurement Specialist	01
4.	Sh. Mohinder Singh	Deputy Director directly involved into the activities of STRIVE	01
5.	Sh. Gaurav Rana	Technical Officer-II responsible for presenting VC meeting	01
6.	Sh. Sumit Sharma	Consultant HR	01
7.	Sh. Rupinder Singh	Team Leader	01
		<b>Total</b>	<b>07</b>
<b>Staff not involved into the activities of STRIVE scheme</b>			



1.	Sh. Raj Krishan Thakur	Additional Director	01
2.	Sh. Sunil Verma	Joint Director	01
3.	Sh. Sanjay Gupta	Deputy Director	01
4.	Sh. Lalit Sharma	Asstt. Director	01
5.	Sh. Anil Kumar	Asstt. Controller	01
6.	Sh. Pawan Gaur	Technical Officer	01
7.	Sh. Dalip Singh	Senior Assistant	01
		<b>Total</b>	<b>07</b>
		<b>Laptops available in store branch from the date of purchase</b>	<b>02</b>

It is evident from the above table that seven laptops amounting to Rs. 5,29,900 were distributed to the staff who were not involved in the activities of STRIVE scheme.

Interestingly, during discussion with the staff of STRIVE scheme, it was intimated that the Technical Officers were not utilizing the laptops already issued to them during conducting/presenting VC meeting and laptops available in store branch were only being utilized for conducting/presenting VC meeting. This indicates that the laptops already issued to these officers/officials who conducted/presented VC meeting were not being utilized for official purposes i.e. for conducting/presenting VC meeting, resultantly either two laptops valuing Rs. 1,51,400 available in the store branch seems unnecessarily parked in store branch or laptops already issued to these officers/officials were being utilized for private purposes.

Thus, an irregular amount of Rs. 6,81,300 incurred by the SPD for purchase of nine laptops (seven laptops distributed to the staff not involved into the activities of STRIVE scheme and two laptops parked in store branch) from the funds of STRIVE scheme needs justification.

In reply of Audit Memo no 19 dated 29.11.2022, the department stated that the expenditure is made in accordance with objectives of the Result Area 2. The reply is not acceptable as the purchase items were issued to the staff who were not directly or indirectly related to the STRIVE work and two laptops were still kept in the store room.

**Para 5: Blockade of funds provided for establishment of SAMC-Rs. 12.01 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 funds of Rs. 36.06 lakh utilized out of Rs. 48.00 lakh and funds of Rs. 12.01 lakh were lying unutilized as of September, 2022 with the SPIU which resulted in blockade of funds and denying of intended benefits as envisaged in the scheme guidelines.

In reply to Audit Memo no 6 dated 22.11.2022, the department while confirming the facts stated that due to Covid-19 breakout all the activities under SAMC got held up and expenditure could not be done. The unutilized amount of Rs.12.01 lakh is in pipeline to execute the activities. Final compliance shall be awaited in this regard.

**Para 6: Excess expenditure incurred on office equipment component against the funds allocated by the GOI - Rs. 7.39 lakh.**

The Directorate General of Training, Ministry of Skill Development and Entrepreneurship, Govt of India (MSDE) vide letter dated 17.10.2017 had classified Himachal Pradesh State as Group- B State and staff required for establishment of State Apprenticeship Monitoring Cell (SAMC) under Skills Strengthening for Industrial Value Enhancement (STRIVE) was proposed. Para 6 (2) of above letter further provides that Group B states are required to incur expenditure of Rs. 8.50 lakh on Office Equipment for setting up of SAMC.

Audit scrutiny of records maintained in the office of the State Project Director (SPD) revealed that SPD had incurred an expenditure of Rs. 15.89 lakh on office equipment against allocated budget of Rs. 8.50 lakh as per detail given below:

Sr. No.	Purchased items	Transaction Date/period	Amount (Rs.)
1.	Computers, printers, UPS batteries etc.	28.01.2021 to 29.06.2022	8,01,021
2.	RDP Intel Core i5 PC	01.11.2022	7,87,808
		<b>Total</b>	<b>15,88,829</b>

It is evident from the above table that an expenditure of Rs. 7.39 lakh was incurred on office equipment component was in excess against the funds allocated by the GOI.

In reply to Audit Memo no. 7 dated 22.11.2022, the department while confirming the facts stated that the excess amount of Rs.7.39 lakh has been earmarked for purchase of computers,



printers, UPS batteries etc. for the concerned branches, which are involved in implementation of Apprenticeship training scheme. The reply is not acceptable as the funds have already been provided with breakup under SAMC of STRIVE scheme. Hence, final compliance in this connection shall be awaited.

**Para 7: Ineligible expenditure made for the purchase of Computers & stationery items against SAMC funds in STRIVE scheme : Rs. 5.99 lakh**

Director General of Training, Ministry of Skill Development and Entrepreneurship vide No. DGT-35(4) SAMC 201/NP 10 dated 28-02-2019 sanctioned an amount of Rs. 48.00 lakh towards establishment of State Apprenticeship Cell (SAMC) under STRIVE project in Himachal Pradesh. As mentioned in the sanction the fund was to be utilized before 31st March 2020 or closure of STRIVE scheme whichever is earlier and the Grant in Aid was to be utilized only for the purpose for which it is released.

The operations manual of the Skills Strengthening for Industrial Value Enhancement (STRIVE) provides illustrative breakup for SAMC budget of Rs.48.00 lakhs (1. Salary, a). Deputy Director-1 No: Rs.12.00 lakh, b). Consultant-1 No (Manufacturing Sector): Rs.9.60 lakh, c). Consultant-1 No. (IT Consultant): Rs.8.40 lakh, d). Support staff- Data Entry Operator-1 No: Rs.1.80 lakh, e). Support staff- Multi tasking staff-1 No: Rs.1.20 lakh, 2. Office equipment: Rs.8.50 lakh, 3. Rental for office @25,000 per month: Rs.3.00 lakh, 4. Stationery: Rs.1.00 lakh and 5. Travel Cost (for 15 days per month @ Rs.1200 per day): Rs.2.16 lakh)

During audit of STRIVE accounts, it was noticed that the SAMC had purchased various item (Computer 19 nos. and A4 Paper Rim (420 nos.) for Directorate of Technical Education including for the utilization of STRIVE during 2021-22 amounting to Rs. 11,81,908-. It was further noticed that the items purchased were found excess than the requirement of staff involved in STRIVE activities because there were only 9 persons (Team Leader, Institution Development/IT Specialist -3, Financial cum Procurement Specialist-1, Human Resource Consultant -1, Data Entry Operator -2, State Project Director-1 and Dy. Director-1) who were directly involved in STRIVE Project. The detail of purchase and issue of these items is given below::

Sr. No.	Vr. No. & Date	Bill No. & Date	Name of Firm	Name & No. of items	Total amount	Item used for STRI	Item used for non-STRIV	Rate	Amount
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						VE work	E works		
1.	95, 11-10-2021	487, 1-10-2021	Shri Radha Krishna Enterprises Dehradun, Uttrakhand	Rim (300)	48000	81	219	160	35040
2	-Nil-	447, 3-2-2022	Arham Enterprises 9, Ajanta Plywood Dadar West, Mumbai	3 (Acer All In One 15 Computer)	170100	1	2	56700	113400
3	-Nil-	42, 1-11-2022	SSYNISO IT Solutions Pvt. Ltd. Gautam Buddha Nagar Uttar Pradesh	14 (RDP AIO 15, 23.6" Win 10 Home)	787808	6	8	56272	450176
4	77, 19,9,21	655, 21-8-2021	ODISSI SYSTEMS SOLUTIONS New Delhi	7 (Dell OptiPlex 5480 AIO)	176000	2	0	0	0
<b>Total</b>					<b>1181908</b>	<b>9</b>	<b>10</b>	<b>113132</b>	<b>598616</b>

Thus, use of above items for the staff of Directorate of Technical Education is ineligible expenditure which needs justification.

In reply to Audit Memo no. 13 dated 25.11.2022, the department while confirming the facts stated that for implementation of Apprenticeship training scheme & other reform activities under STRIVE scheme, all branches of this office are directly or indirectly involved for smooth functioning of the work assigned under this project, 19 nos of computers were purchased. There is provision of stationery to be purchased of Rs.1.00 lakh under this project. Out of this amount stationery including A4 paper reams of Rs.55460/- have been purchased. The reply is not tenable as the funds under STRIVE – SAMC have to be utilized for the STRIVE work. Final compliance shall be awaited.

**Para 8: Undue favour to supplier by hiring taxi without quotation Rs. 1.25 lakh.**

Rule 98 of Himachal Pradesh Financial Rules 2009 stipulates that the purchase of goods up to a particular monetary value of not exceeding Rs. 3000/- only on each occasion subject to a maximum of Rs. 50,000/- in financial year may be made by Drawing and Disbursing officer/controlling officer/ Head of Department without inviting quotations or bid on the basis of a certificate to be recorded by the procuring authority and purchase of goods costing above Rs. 3000/-

only upto Rs. 1,00,000/- only on each occasion may be made on the recommendations of a duly constituted purchase committee consisting of three members of an appropriate as decided by Head of Department.

During scrutiny of records of STRIVE Project, it was noticed that an expenditure of Rs. 1,25,276/- was incurred on taxi charges for various occasion i.e. Skill Study visit, monitoring the progress of STRIVE Project. The taxi was hired without obtaining quotation which was in contravention of the rule ibid. The details are given below:

Sl No.	Vr. No & Date	Bill No. & Date	Name of firm	Particular	Amount (Rs)
1.	46, 29-4-21	15, 15-2-21	M/s Laveer Tour & Travels Vill Khere Nehla Nalagarh Distt. Solan	Taxi	12000
2	46, 29-4-21	16, 22-2-21	M/s Laveer Tour & Travels Vill Khere Nehla Nalagarh Distt. Solan	Taxi	12000
3	52, 4-6-21	1565, 26-2-21	Shimla Taxi Operator Union Near Middle Land, KNH Shimla	Taxi	8610
4	55, 21-6-21	21, 25-3-21	M/s Laveer Tour & Travels Vill Khere Nehla Nalagarh Distt. Solan	Taxi	18500
5	55, 21-6-21	21, 25-3-21	M/s Laveer Tour & Travels Vill Khere Nehla Nalagarh Distt. Solan	Taxi	18500
6	122, 3-2-22	1575, 17-9-21	Shimla Taxi Operator Union Near Middle Land, KNH Shimla	Taxi	6130
7	122, 3-2-22	1578, 4-12-21	Shimla Taxi Operator Union Near Middle Land, KNH Shimla	Taxi	5536
8	129, 2-2-22	342, 29-8-21	Anuj Tour & Travel Chambaghat Solan	Taxi	22000
9	129, 2-2-22	371, 29-8-21	Anuj Tour & Travel Chambaghat Solan	Taxi	22000
<b>Total</b>					<b>125276</b>

Thus, hiring of taxi without quotation resulted into undue favour to suppliers and the payment of Rs.125276/- was made by the SPIU is irregular.

In reply to Audit Memo no. 14 dated 26.11.2022, the department while confirming the facts stated that quotation of suppliers/vendors will be produced to the audit in due course of time. Final compliance shall be awaited.

**Para 9: Non-deduction of TDS & CST for purchase of equipment - Rs. 0.36 lakh.**

Circular No. 65/39/2018-DOR dated 14-9-2018 and Notification No. 50/2018-Central Tax dated 13-9-2018 issued by the Department of Revenue provides for deduction of the TDS @2 per cent by the Government Agencies (deductor) or any other person to be notified 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 record of Govt. ITI Palampur under Project, it was noticed that the ITI purchased equipment/tools for upgradation of ITI amounting to Rs. 21,01,849/- . The ITI had not deducted TDS under GST rules @2% amounting to Rs. 36530/- on taxable value of Rs. 18,26,534/-. For purchase of goods more than two and fifty thousand rupees under a contract. The details of items on which TDS under GST rules had not deducted are given below:

Sr.No.	CBP No. & date	Bill No. & date	Name of Firm	Items Purchased	Tax valuable amount	TDS to be deducted (2%)
1	18, 11-6-2021	00054,	Mars EDPAL Enstrument Pvt. Ltd. Haryana	Electronic work Bench	419490	8390
2	19, 1-7-2021	236, 25-6-2021	Sanjeev Kumar Vill Gasota Hamirpur	Button Hole Sawing Machine Complete	445536	8910
3	-do-	228, 14-6-2021	Wood Square Technologies Pvt. Ltd. Rupnagar Punjab	Intractive flat Panel	236346	4727
4	-do-	235, 21-6-2021	Sanjeev Kumar Vill Gasota Hamirpur	Juki DDL 8100 Stiching Machine	445500	8910
5	20, 21-6-2021	00084, 29-6-2021	Mars EDPAL Enstruments Pvt. Ltd. Haryana	Electronic work Bench	279662	5593
<b>Total</b>					<b>1826534</b>	<b>36530</b>

In reply to Audit Memo no. 17 dated 29.11.2022, the department stated that the matter will be taken up with the concerned ITI. Final compliance shall be awaited.

**Para 10: Irregular expenditure made against SPIU funds in STRIVE scheme: Rs. 0.14 lakh.**

Director General of Training, Ministry of Skill Development and Entrepreneurship vide No. DGET-35(1)/SPIU-HP/2021-NPIU dated 11-08-2021 sanctioned an amount of Rs. 30.00 lakh towards lump sum pay of the staff working in the State Project Implementation Unit (SPIU) who is looking after the activities of STRIVE at Directorate office in the State of Himachal Pradesh under the Project "STRIVE" with the World Bank assistance.

The operations manual of the Skills Strengthening for Industrial Value Enhancement (STRIVE) provides revised breakup for SPIU budget of Rs.30.00 lakhs 1(Procurement and financial management consultant-I), 2. Institutional Development Consultant-1(20.00 lakh). 3 Monitoring of 19 STRIVE selected it is –Vehicle charge (3.50 lakh).4 Office Stationery and others (1.50 lakh) 5. Workshops of the Principals/Group Instructors/ Instructors of ITI under STRIVE project (2.25 lakh). 6 CA Charges (2.75 lakh).

During audit and certification of STRIVE accounts, it was noticed that the SPIU Sundernagar had purchased A4 Paper Rim (120 nos.) for Directorate of Technical Education during 2021-22 amounting to Rs. 23,998. Out of which 80 A4 size paper reams were issued 71 A4 paper size reams were issued to different sections of the Directorate office which were not covered under STRIVE scheme and 9 A4 paper size reams of different section covered under STRIVE project under STRIVE scheme between the period 31<sup>st</sup> May, 2021 to 01<sup>st</sup> October 2022 by the State Project Director.

Thus, irregular expenditure of Rs. 14,200 (71 A4 reams multiplied by Rs. 200) incurred for the purchase of A4 paper size reams under SPIU (detail enclosed) by the State Project Director.

In reply to Audit Memo no. 15 dated 28.11.2022, the department while confirming the facts stated that all the branches of this office directly help SPIU for implementation of the STRIVE project. the reply is not tenable as 71 reams issued to legal branch, budget, establishment, store, Dy. Director (TE), Joint Director (TE), Dy. Director (TR) which are not connect with the STRIVE work. Final compliance shall be awaited in this regard.

**Para 11:- Non conducting of physical verification of stores.**

As per rule 140 of HPFR 2009, the officer-in-charge of the stores shall cause to maintain the inventory for fixed assets, consumable goods and dead stock or unserviceable items. Further, 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.

Further, in terms of rule 141 of financial rules *ibid*, physical verification shall be conducted in the presence of the officer (s), responsible for the custody of the inventory. A certificate of verification along with the findings shall be recorded in the stock register by the officer (s) or the committee conducting the physical verification. Discrepancies, including shortages, damages and dead stock items, unserviceable goods, if any identified during verification, shall immediately be brought to the notice of the Competent Authority by the officer(s) or the committee conducting the physical verification for taking appropriate action in accordance with the provisions of departmental regulations or any other rules framed by the State Government in this behalf.

During audit and certification of STRIVE fund, it was noticed that physical verification of the stores was not conducted by the office since February 2020 to till date. In the absence of the physical verification, it could not be ascertained in audit as to whether the material purchased during the period of audit and earlier stock still exists in the office or any pilferage of material has occurred.

Non-conducting of the physical verification of store by the department since February 2020 which was irregular and in contravention of the provisions of aforesaid rule, resultantly safe custody of store items could not be ensured.

In reply to Audit Memo no. 12 dated 25.11.2022, the department while confirming the facts stated that the physical verification of store & stock under STRIVE project has been conducted on 19.09.2022. The reply furnished by the SPD is not tenable as physical verification report was not conducted in accordance with above said rules.



PART-III

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

Status of outstanding audit objections of previous inspection reports is as follows:

Period of Inspection Note	Para No.	Subject	Remarks
04/2018 to 03/2021	1	Extra expenditure on procurement of vehicle for MMV Trade -Rs.5.18 lakh	Reply awaited para stands.
	2	Non-achievement of prescribed targets/milestone under RA-1 resulted in short release of funds- Rs.678.86 lakh	Reply awaited para stands.
	3	Non-receipt of funds due to non-achievement of annual target under Result Area-2 amounting to Rs.684.80 lakh	Reply furnished by the SPD is not found satisfactory. Hence para stands..
	4	Non-utilization of funds- Rs.26.39 lakh	Reply awaited para stands.
	5	Unjustified purchase of equipment under Result Area-2 Rs.18.58 lakh	Reply awaited para stands.
	6	Loss of revenue due to non-credit of interest in project bank accounts Rs.8.38 lakh	Latest position of the para has been incorporated in current Audit Note Para No 5. Hence deleted from here.
	7	Non-preparation of Annual Accounts/Annual Financial Statements by State Societies/Project ITIs /Project ICs	Reply awaited para stands.
	8	Blockage of funds provided for establishment of SAMC Rs.48.00 lakh	Latest position of the para has been incorporated in current Audit Note Para No 8. Hence deleted from here.
	9	Non-deduction of TDS under GST rules for purchase of equipment Rs.1.26 lakh	Reply awaited para stands.
	10	Irregular purchase of software for training lab Rs.6.69 lakh	Reply awaited para stands.
	11	Cash payment made by SPIU Sundernagar Rs.0.89 lakh	Reply awaited para stands.
	12	Non submission of Utilization Certificate to NPIY Rs.111.61 lakh	Reply awaited para stands.
	13	Delay in actual receipt of funds at SPIU level	Reply awaited para stands.
	14	Invalid selection of Team Leader	Replies furnished by the SPD is self-explanatory. Hence para is deleted.
	15	Non-adherence to Coverage of Internal Audit	Reply awaited para stands.
	16	Non-conducting of physical verification of store procured under STRIVE project.	Latest position of the para has been incorporated in current Audit Note Para No 15. Hence deleted from here.