#### SKILLS STRENGTHENING FOR INDUSTRIAL VALUE ENHANCEMENT (STRIVE)

#### (WORLD BANK FUNDED PROJECT)

#### STATE PROJECT IMPLIMENTATION UNIT - SUNDERNAGAR

#### INTERNAL AUDIT REPORT FOR THE PERIOD FROM 01.04.2021 TO 31.03.2022

#### PART – A BRIEF DETAIL OF THE AUDITEE AND AUDIT

a. Name and address of the Auditee : State Project Implementation Unit

Sundernagar

b. Name of Auditors : Agarwal A Kumar & Associates

c. Days of Audit : 2

d. Period covered in the previous audit : October 01, 2020 to March 31, 2021

e. Period covered in the current audit : April 01, 2021 to March 31, 2022

#### PART-B

#### EXECUTIVE SUMMARY

#### (a) Objective of Audit

We have conducted the Internal Audit of State Project Implementation Unit- Sundernagar for the period from April 01, 2021 to March 31, 2022. We have carried out the audit in accordance with the standards on auditing promulgated by the Institute of Chartered Accountants of India and in accordance with the TOR as issued by the funding Agency International Development Association. It is the responsibility of the management to maintain the PFMS / PMIS as prescribe by the funding agency in cash system of accounting, fair and proper documentation, generation books and records, and the various Interim financial reports and annual statements, and to implement a proper internal control system commensurate with the size of the organization.

Our responsibility is to verify the books and accounts commensurate with the standard procedures and guidelines followed by the Project for the different level and to see that there is proper documentation and internal control in existence during the period of audit and to report the deficiencies, if any, existing in the operation of the Project.



#### (b) Methodology of Audit

The Audit was conducted on the basis of the finalized Audit Program. After distribution of the audit work and responsibilities, the concerned staff performed their job and directly reported to Team Manager on daily basis. Internal Audit program was mainly focused on following areas:

- An assessment of whether the Project Financial Statements have been prepared in accordance with consistently applied Accounting Standards of the Institute of Chartered Accountants of India and gives a true and fair view of the operations of the Project during the year and the financial position of the Project at the close of the financial year.
- 2 An assessment of the adequacy of the Project financial management systems including internal controls. The financial management system should include methods and records established to identify, assemble, analyze, classify, record and report on transactions and to maintain accountability for the related assets and liabilities.
- 3 That all project funds have been used in accordance with the conditions of the relevant financing agreement, with due attention to transparency, economy and efficiency and only for the purposes for which the financing was provided.
- 4 All necessary supporting documents, records and books/ statements of accounts have been maintained and all necessary supporting documents such as records, vouchers, bids etc. and books of accounts have been kept in respect of all project expenditures.
- 5 Identify the expenditure which are covered in accordance with the allocation described in "Operational Manual" under section 4 "Fiduciary Systems" para 4.1 " Financial Management" under sub para 4.2.3 "Eligible and Ineligible Procurement Expenditure" as eligible and segregate these from non-eligible items.
- 6 Clear linkages exist between the books of accounts maintained for the expenditures and reports presented for the expenditure incurred.
- 7 That test check and verification of the activities were conducted for the project as planned and that they were in line with the agreed loan agreement.
- 8 Verify the eligibility of expenditures for SoE disbursement and separately report upon ineligible expenditure claimed if any.

#### (c) Status of implementation of the Public Financial Management System

During audit we noted that "Public Financial Management System" has been implemented during period from April 01, 2021 to March 31, 2022.

#### (d) Status of Compliance of previous audit report

During audit we noted that the compliance of the observations of previous internal audit report have been done.

#### (e) Key areas of weakness

During audit we noted that there were some key areas of weakness regarding procedural Lapse for the period from April 01, 2021 to March 31, 2022, Details are given in part D.

#### PART - C

#### COMPLIANCE OF PREVIOUS AUDIT REPORT

During audit we noted that the compliance of the observations of previous internal audit report have been done.

#### PART - D

#### SERIOUS OBSERVATIONS

During audit we found that there were some serious observations such as laps in internal control, system weakness etc. in following manner:

#### 1. INVOICE / BILL NOT FOUND

During the audit we found that Institute has made payment to HPSEDC, Shimla on estimate Performa but Invoice / Bill not found with payment voucher, detail is mentioned below:

Date of Payment	Particulars	Amount	Observation
05.07.2021	Amount paid to H.P. State Electronics Development Corporation Ltd. Shimla for purchases of Dell Laptops	12,11,200/-	Invoice / Bill not found with payment voucher at the time of audit.

<u>Auditors' Comments</u>: Compliance has been made. Invoice has been made available.

#### 2. CHECKING OF OUTSTANDING ADVANCES

During the checking of ledger, we noted that advances were given to contractors / Vendors but advance was not adjusted till 31<sup>st</sup> March 2022. Details are given below:

Date of given	Particulars	Outstanding Amount on 31.03.2022 (Rs)	Observations
22.11.2021	Advance given to H.P. State Electronics Development Corporation Ltd. Shimla For Installation of Video conferencing system in 62 locations	83,71,443.00	Advance amount was not adjusted till 31st March 2022
28.12.2021	Himurja Ltd. For Installation of Solar power Plant in ten ITI,s	1,00,00,000.00	Advance amount was not adjusted till 31st March 2022

## PART – E OTHER OBSERVATIONS

#### 1. CHECKING OF UNSPENT AMOUNT RETURNED FROM ITI,s

During the audit we noted that SPIU has received some unspent amount from various ITI,s Detail are mentioned below:

Sr. No.	Name of ITI	Return Amount From ITI,s
1	Govt. ITI Bangana	335.00
2	Govt. Model ITI Nalagarh	54.00
3	Govt. ITI (Women) Nalagarh	5,74,896
4	Govt. ITI (PWD) Sundernagar	537.00
5	Govt. ITI Palampur	11,528.76
6	Govt. ITI Bilaspur	1,937,984.00
7	Govt. ITI Solan	1,644,948.00
8	Govt. ITI Shahpur	1.00

#### 2. STATUS OF UTILISATION OF FUND

During audit we found that fund received and utilized during audit period as below:

Opening Balance as on 01.04.2021

18606568.00

Fund received during the period from (01.04.2021 to 31.03.2022)

83935591.00

Total Fund

102542159.00

Expenditure incurred during the period (01.04.2021 to 31.03.2022

57517128.00

Balance as per bank as on 31.03.2022

45025031.00

#### 3. CHECKING OF OTHER PROCUREMENT SECTION

Sr. No.	Particulars	Compliance from auditors Yes/ No	Comment of auditor
1	Goods and services financed have been procured in accordance with the relevant financing agreement and procurement norms as laid out in the operations manual.	Yes	No comments
2	Procurement processes being followed at the it is and State Societies are as per procurement Guidelines under STRIVE project as per Para 4.2 of the OM	Yes	No comments
3	Any Procurement related complaints received and time taken in disposal of each such complaints and verifying that no contracts excluded from the program have been awarded.	No	There was no procurement related complaints are reflected on website.
4	Publication of Annual/ Quarterly procurement plan on Institute / SPIU website.	Yes	SPIU procurement plan is uploaded on the web site www.https://techedu.hp.gov.in for the financial year 2021-22.
5	Selected Contractor/ Supplier/Service provider/ Consultant on World Banks list of temporarily suspended and debarred firms	No	No contract has been awarded to any firm by Institute, which is debarred by the World Bank.

6	Contract Award Notice (CAN) as per applicable format (Competitive selection, Request for Quotations Direct selection are uploaded on website/ Public domain against of each of the completed procurement (applicable in case of LOA/contract issued)	Yes	No comments
	Any other section/ weakness reviewed on procurement	Yes	During audit period some weakness found in procurement section that is already given in audit report Part –D.

#### PART - F

## EXECUTIVE SUMMARY AND SUGGESTIONS/RECOMMENDATIONS

#### 1. INVOICE / BILL NOT FOUND

During the audit we found that Institute has made payment to HPSEDC, Shimla on estimate Performa but Invoice / Bill not found with payment voucher, detail is mentioned below:

Date of Payment	Particulars	Amount	Observation
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Auditors' Comments: Compliance has been made. Invoice has been made available.

#### 2. CHECKING OF OUTSTANDING ADVANCES

During the checking of ledger, we noted that advances were given to contractors / Vendors but advance was not adjusted till 31st March 2022. Detail is given below:

Date of given	Particulars	Outstanding Amount on 31.03.2022 (Rs)	Observations
22.11.2021	Advance given to H.P. State Electronics Development Corporation Ltd. Shimla For Installation of Video conferencing system in 62 locations	83,71,443.00	Advance amount was not adjusted till 31 <sup>st</sup> March 2022
28.12.2021	Himurja Ltd. For Installation of Solar power Plant in ten ITI,s	1,00,00,000.00	Advance amount was not adjusted till 31 <sup>st</sup> March 2022



# SKILLS STRENGTHENING FOR INDUSTRIAL VALUE ENHANCEMENT (STRIVE) (WORLD BANK FUNDED PROJECT)

## GOVT. INDUSTRIAL TRAINING INSTITUTE - BAIJNATH

## INTERNAL AUDIT REPORT FOR THE PERIOD FROM 01.04.2021 TO 31.03.2022

## PART - A BRIEF DETAIL OF THE AUDITEE AND AUDIT

a. Name and address of the Auditee

: Govt. Industrial Training Institute

Baijnath

b. Name of Auditors

: Agarwal A Kumar & Associates

c. Days of Audit

: 2

d. Period covered in the previous audit

: October 01, 2020 to March 31, 2021

e. Period covered in the current audit

: April 01, 2021 to March 31, 2022

#### PART-B

#### **EXECUTIVE SUMMARY**

#### (a) Objective of Audit

We have conducted the Internal Audit of Govt. Industrial Training Institute Baijnath for the period from April 01, 2021 to March 31, 2022. We have carried out the audit in accordance with the standards on auditing promulgated by the Institute of Chartered Accountants of India and in accordance with the TOR as issued by the funding Agency International Development Association. It is the responsibility of the management to maintain the PFMS / PMIS as prescribe by the funding agency in cash system of accounting, fair and proper documentation, generation books and records, and the various Interim financial reports and annual statements, and to implement a proper internal control system commensurate with the size of the organization.

Our responsibility is to verify the books and accounts commensurate with the standard procedures and guidelines followed by the Project for the different level and to see that there is proper documentation and internal control in existence during the period of audit and to report the deficiencies, if any, existing in the operation of the Project.



#### (b) Methodology of Audit

The Audit was conducted on the basis of the finalized Audit Program. After distribution of the audit work and responsibilities, the concerned staff performed their job and directly reported to Team Manager on daily basis. Internal Audit program was mainly focused on following areas:

- An assessment of whether the Project Financial Statements have been prepared in accordance with consistently applied Accounting Standards of the Institute of Chartered Accountants of India and gives a true and fair view of the operations of the Project during the year and the financial position of the Project at the close of the fiscal year.
- 2 An assessment of the adequacy of the Project financial management systems including internal controls. The financial management system should include methods and records established to identify, assemble, analyze, classify, record and report on transactions and to maintain accountability for the related assets and liabilities.
- 3 That all project funds have been used in accordance with the conditions of the relevant financing agreement, with due attention to transparency, economy and efficiency and only for the purposes for which the financing was provided.
- 4 All necessary supporting documents, records and books/ statements of accounts have been maintained and all necessary supporting documents such as records, vouchers, bids etc. and books of accounts have been kept in respect of all project expenditures.
- 5 Identify the expenditure which are covered in accordance with the allocation described in "Operational Manual" under section 4 "Fiduciary Systems" para 4.1 " Financial Management" under sub para 4.2.3 "Eligible and Ineligible Procurement Expenditure" as eligible and segregate these from non-eligible items.
- 6 Clear linkages exist between the books of accounts maintained for the expenditures and reports presented for the expenditure incurred.
- 7 That test check and verification of the activities were conducted for the project as planned and that they were in line with the agreed loan agreement.
- 8 Verify the eligibility of expenditures for SoE disbursement and separately report upon ineligible expenditure claimed if any.

### (c) Status of implementation of the Public Financial Management System

During audit we noted that "Public Financial Management System" has been implemented during period from April 01, 2021 to March 31, 2022.

#### (d) Status of Compliance of previous audit report

During audit we noted that the compliance of the observations of previous internal audit report have not been done.

#### (e) Key areas of weakness that need improvement

During audit we noted that there were some key areas of weakness regarding procedural Lapse for the period from April 01, 2021 to March 31, 2022, Details are given in part D.

#### PART - C

## COMPLIANCE OF PREVIOUS AUDIT REPORT

During audit we noted that the compliance of the observations of previous internal audit report have not been done.

#### 1. GST TDS NOT DEDUCTED

During the audit we found that amount was paid for supply of goods or services but GST TDS @ 2% Under Section 51 of GST Act not deducted at the time of payment. Details are given below:

Date	Particulars	Total Amount	Observations
09/10/2020	Satluj Dacument company	9,51,600/-	Payment made without deducted of GST TDS.
16/12/2020	Satluj Dacument company	2,79,702/-	Payment made without deducted of GST TDS.
28/01/2021	Office Solution and Supplies	3,16,840/-	Payment made without deducted of GST TDS.
28/01/2021	M/s Mahindra & Mahindra Ltd.	10,81,390/-	Payment made without deducted of GST TDS.
28/01/2021	M/s Asha Interprises	4,49,950/-	Payment made without deducted of GST TDS.

<u>Auditors' Comments</u>: Compliance has been made now except M/S Mahindra & Mahindra Ltd.

#### PART - D

#### SERIOUS OBSERVATIONS

During audit we found that there were no serious observations such as laps in internal control, system weakness etc.

## 1. PROCUREMENT MADE WITHOUT APPROVAL OF COMPETENT AUTHORITY

During the audit we found that institute has purchased some item but these items were not approved in procurement plan FY 2021-22 from Chairman of IMC and Institute Management Committee. Details of these procurement are given below:

Date of Payment	Invoice no.	Name of Supplier	Name of Item	Amount	Qty
18-Jun- 2021	21-22/00053	Mars Edpal Instrument Pvt. Ltd	Electric Work Station	170000	1
7-Jul- 2021	23-Jul-1900	CSR Solution	English Learning Software	138000	1

Auditors' Comments: Compliance has been made.

#### 2. NON LEVY OF LIQUIDATED DAMAGES

On checking of procurement we found that expenditure incurred for purchase of Machinery & Equipments but supply was late provided by vendor or suppliers and No L.D. was deducted on payment of Vender & Supplier by Institute but As per Term & condition of contract liquidate damage should be charged for any delay in supply of goods and material. Liquidated Damages are charged at 0.5% of contract price per week after the stipulated date of delivery, subject to a maximum limit of 10% of contract price. Details are mentioned below:

Date of Payment	Name of Supplier	Amount	Method of purchase	Date of Supply as per agreement	Actual Delivery	No. of delay
29-Apr-2021	Mars Edpal Instrument Pvt. Ltd	224585	GEM	11/4/2021	10/6/2021	60 days

29-Apr-2021	Mars Edpal Instrument Pvt. Ltd	250000	GEM	11/4/2021	10/6/2021	60 days
18-Jun-2021	Mars Edpal Instrument Pvt. Ltd	170000	GEM	12/5/2021	9/6/2021	27days
7-Jul-2021	CSR Solution	138000	GEM	30/01/2021	6/7/2021	155days
7-Jul-2021	Mars Edpal Instrument Pvt. Ltd	70000	GEM	16/05/2021	29/06/2021	43days

Auditors' Comments: Delay was due to Covid-19 as explained by concerned officer.

# 3. <u>DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL EXPENDITURE INCURRED AS PER CASH BOOK</u>

During audit we noticed that there was difference between expenditure booked in PFMS Software and actual expenditure incurred as per cash book. The detail of PFMS reconciliation are mentioned below:

## PFMS reconciliation statement as on 31.03.2022 - FY - 2021-22)

Sr. No.	Statement of Expenditure	Amount (Rs.)
1	Expenditure booked as per PFMS Statement From (01.04.2021 to 31.03.2022)	3559244.00
2	Actual Expenditure incurred as per cash book from (01.04.2021 to 31.03.2022)	3544168.00
	Difference	15076.00

# 4. <u>VARIATION BETWEEN COST ESTIMATE (BUDGETARY) AND AWARDED</u> PRICE

While checking of procurement plan we found that in some of the cases there are variations exceeding 30% in budgetary cost estimates and final amount of awarded contracts. Details of these cases, are as follows:

Date of Payment	Name of Supplier	Name of Item	Award Amount	Estimate cost	Variation
29-Apr-2021	Mars Edpal Instrument Pvt. Ltd	Cut section Model for Pneumac Component,Hydr aulic Component & Electric Pneumatic trainer	224585	170000	32%
29-Apr-2021	Mars Edpal Instrument Pvt. Ltd	GME 7652 Hydraulic Trainer with work Station	250000	150000	66%

#### PART - E

#### OTHER OBSERVATIONS

## 1. STATUS OF UTILISATION OF FUND

During audit we found that fund received and utilized during audit period as below:

Opening balance as on 01.04.2021

2392388.00

Fund received during the period from 01.04.2021 to 31.03.2022

1151780.00

Total fund

3544168.00

Expenditure incurred during the period (01.04.2021 to 31.03.2022)

3544168.00

Balance as per bank as on 31.03.2022

0.00

## 2. CHECKING OF PROCUREMENT SECTION

Sr. No.	Particulars	from audito Yes/No	Comment of auditor
1	Goods and services financed have been procure in accordance with the relevant financing agreement and procurement norms as laid out in the operations manual.	Yes	No comments
2	Procurement processes being followed at the it and State Societies are as per procurement Guidelines under STRIVE project as per Para 4 of the OM	Yes	No comments

3	Any Procurement related complaints received and time taken in disposal of each such complaints and verifying that no contracts excluded from the program have been awarded.	No	There was no procurement related complaints are reflected on website
4	Publication of Annual/ Quarterly procurement plan on Institute / SPIU website.	Yes	Institute procurement plan is uploaded on the web site <a href="http://itibaijnath.in">http://itibaijnath.in</a> for the financial year 2021-22.
5	Selected Contractor/ Supplier/Service provider/ Consultant on World Banks list of temporarily suspended and debarred firms	No	No contract has been awarded to any firm by Institute, which is debarred by the World Bank.
6	Contract Award Notice (CAN) as per applicable format (Competitive selection, Request for Quotations Direct selection are uploaded on website/ Public domain against of each of the completed procurement (applicable in case of LOA/contract issued)	Yes	No comments
7	Any other section/ weakness reviewed on procurement	Yes	During audit period some weakness found in procurement section that is already given in audit report Part –D.

#### PART - F

#### EXECUTIVE SUMMARY AND SUGGESTIONS/RECOMMENDATIONS

## 1. PROCUREMENT MADE WITHOUT APPROVAL OF COMPETENT AUTHORITY

During the audit we found that institute has some item purchases but these items were not approved in procurement plan FY 2021-22 from Chairman of IMC and Institute Management Committee. Details of these procurement are given below:

Date of Payment	Invoice no.	Name of Supplier	Name of Item	Amount	Qty
18-Jun- 2021	21-22/00053	Mars Edpal Instrument Pvt. Ltd	Electric Work Station	170000	1
7-Jul- 2021	23-Jul-1900	CSR Solution	English Learning Software	138000	1

Auditors' Comments: Compliance has been made.

#### 2. NON LEVY OF LIQUIDATED DAMAGES

On checking of procurement we found that expenditure incurred for purchase of Machinery & Equipments but supply was late provided by vendor or suppliers and No L.D. was deducted on payment of Vender & Supplier by Institute but As per Term & condition of contract liquidate damage should be charged for any delay in supply of goods and material. Liquidated Damages are charged at 0.5% of contract price per week after the stipulated date of delivery, subject to a maximum limit of 10% of contract price. Details are mentioned below:

Date of Payment	Name of Supplier	Amount	Method of purchase	Date of Supply as per agreement	Actual Delivery	No. of delay
29-Apr-2021	Mars Edpal Instrument Pvt. Ltd	224585	GEM	11/4/2021	10/6/2021	60 days
29-Apr-2021	Mars Edpal Instrument Pvt. Ltd	250000	GEM	11/4/2021	10/6/2021	60 days
18-Jun-2021	Mars Edpal Instrument Pvt. Ltd	170000	GEM	12/5/2021	9/6/2021	27days
7-Jul-2021	CSR Solution	138000	GEM	30/01/2021	6/7/2021	155day s
7-Jul-2021	Mars Edpal Instrument Pvt. Ltd	70000	GEM	16/05/2021	29/06/2021	43days

<u>Auditors' Comments</u>: Delay was due to Covid-19 as explained by concerned officer.

## 3. <u>DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL EXPENDITURE INCURRED AS PER CASH BOOK</u>

During audit we noticed that there was difference between expenditure booked in PFMS Software and actual expenditure incurred as per cash book. The detail of PFMS reconciliation are mentioned below:

#### PFMS reconciliation statement as on 31.03.2022 - FY - 2021-22)

Sr. No.	Statement of Expenditure	Amount (Rs.)
1	Expenditure booked as per PFMS Statement From (01.04.2021 to 31.03.2022)	3559244.00
2	Actual Expenditure incurred as per cash book from (01.04.2021 to 31.03.2022)	3544168.00
	Difference	15076.00

# 4. <u>VARIATION BETWEEN COST ESTIMATE (BUDGETARY) AND AWARDED</u> PRICE

While checking of procurement plan we found that in some of the cases there are variations exceeding 30% in budgetary cost estimates and final amount of awarded contracts. Details of these cases, are as follows:

Date of Payment	Name of Supplier	Name of Item	Award Amount	Estimate cost	Variation %
29-Apr-2021	Mars Edpal Instrument Pvt. Ltd	Cut section Model for Pneumac Component,Hydr aulic Component & Electric Pneumatic trainer	224585	170000	32%
29-Apr-2021	Mars Edpal Instrument Pvt. Ltd	GME 7652 Hydraulic Trainer with work Station	250000	150000	66%



## SKILLS STRENGTHENING FOR INDUSTRIAL VALUE ENHANCEMENT (STRIVE)

#### (WORLD BANK FUNDED PROJECT)

#### GOVT. INDUSTRIAL TRAINING INSTITUTE - BANGANA

#### INTERNAL AUDIT REPORT FOR THE PERIOD FROM 01.04.2021 TO 31.03.2022

#### <u>PART – A</u> <u>BRIEF DETAIL OF THE AUDITEE AND AUDIT</u>

a. Name and address of the Auditee

: Govt. Industrial Training Institute

Bangana

b. Name of Auditors

: Agarwal A Kumar & Associates

c. Days of Audit

: 2

d. Period covered in the previous audit

: October 01, 2020 to March 31, 2021

e. Period covered in the current audit

: April 01, 2021 to March 31, 2022

#### PART-B

#### **EXECUTIVE SUMMARY**

#### (a) Objective of Audit

We have conducted the Internal Audit of Govt. Industrial Training Institute Bangana for the period from April 01, 2021 to March 31, 2022. We have carried out the audit in accordance with the standards on auditing promulgated by the Institute of Chartered Accountants of India and in accordance with the TOR as issued by the funding Agency International Development Association. It is the responsibility of the management to maintain the PFMS / PMIS as prescribe by the funding agency in cash system of accounting, fair and proper documentation, generation books and records, and the various Interim financial reports and annual statements, and to implement a proper internal control system commensurate with the size of the organization.

Our responsibility is to verify the books and accounts commensurate with the standard procedures and guidelines followed by the Project for the different level and to see that there is proper documentation and internal control in existence during the period of audit and to report the deficiencies, if any, existing in the operation of the Project.



#### (b) Methodology of Audit

The Audit was conducted on the basis of the finalized Audit Program. After distribution of the audit work and responsibilities, the concerned staff performed their job and directly reported to Team Manager on daily basis. Internal Audit program was mainly focused on following areas:

- An assessment of whether the Project Financial Statements have been prepared in accordance with consistently applied Accounting Standards of the Institute of Chartered Accountants of India and gives a true and fair view of the operations of the Project during the year and the financial position of the Project at the close of the financial year.
- 2 An assessment of the adequacy of the Project financial management systems including internal controls. The financial management system should include methods and records established to identify, assemble, analyze, classify, record and report on transactions and to maintain accountability for the related assets and liabilities.
- 3 That all project funds have been used in accordance with the conditions of the relevant financing agreement, with due attention to transparency, economy and efficiency and only for the purposes for which the financing was provided.
- 4 All necessary supporting documents, records and books/ statements of accounts have been maintained and all necessary supporting documents such as records, vouchers, bids etc. and books of accounts have been kept in respect of all project expenditures.
- 5 Identify the expenditure which are covered in accordance with the allocation described in "Operational Manual" under section 4 "Fiduciary Systems" para 4.1 " Financial Management" under sub para 4.2.3 "Eligible and Ineligible Procurement Expenditure" as eligible and segregate these from non-eligible items.
- 6 Clear linkages exist between the books of accounts maintained for the expenditures and reports presented for the expenditure incurred.
- 7 That test check and verification of the activities were conducted for the project as planned and that they were in line with the agreed loan agreement.
- 8 Verify the eligibility of expenditures for SoE disbursement and separately report upon ineligible expenditure claimed if any.

#### (c) Status of implementation of the Public Financial Management System

During audit we noted that "Public Financial Management System" has been implemented during period from April 01, 2021 to March 31, 2022.

#### (d) Status of Compliance of previous audit report

During audit we noted that the compliance of the observations of previous internal audit report have been done.

#### (e) Key areas of weakness

During audit we noted that there were some key areas of weakness regarding procedural lapse for the period from April 01, 2021 to March 31, 2022, Details are given in part D.

#### PART - C

## COMPLIANCE OF PREVIOUS AUDIT REPORT

During audit we noted that the compliance of the observations of previous internal audit report have been done.

#### PART - D

#### SERIOUS OBSERVATIONS

During audit we found that there were some serious observations such as laps in internal control, system weakness etc. in following manner:

#### 1. TDS NOT DEDUCTED

On checking of TDS records we noted that institute has paid amount of Rs.52,800/- to GNA consultancy but TDS was not deducted under section 194J of Income tax at the time of payment by Institute. detail is mentioned below:

Date of Deducted	Particulars	Amount	TDS Should be deducted @ 10%	Observation
02.07.2022	Amount Paid to GNA consultancy services for professional fees of conducting training & practical on 16 <sup>th</sup> to 18 <sup>th</sup> June 2022.	52,800/-	5,280/-	TDS was not deducted by Institute at the time of payment.

## 2. <u>DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE</u> ANDACTUAL EXPENDITURE INCURRED AS PER CASH BOOK

During audit we noticed that there was difference between expenditure booked in PFMS Software and actual expenditure incurred as per cash book. The detail of PFMS Reconciliation are mentioned below:

#### PFMS reconciliation statement as on 31.03.2022 - FY - 2021-22)

Sr. No.	Statement of Expenditure	Amount (Rs.)
1	Expenditure booked as per PFMS Statement From (01.04.2021 to 31.03.2022)	1853687.00
2	Actual Expenditure incurred as per cash book from (01.04.2021 to 31.03.2022)	1626670.00
	Difference	227017.00

#### <u>PART – E</u> <u>OTHER OBSERVATIONS</u>

#### 1. STATUS OF UTILISATION OF FUND

During audit we found that fund received and utilized during audit period as below:

Opening Balance as on 01.04.2021 1627005.00

Fund received during the period from (01.04.2021 to 31.03.2022) 0.00

Expenditure incurred during the period (01.04.2021 to 31.03.2022) 1626670.00

Unspent amount transferred to H.O. Sunder Nagar 335.00

Balance as per bank as on 31.03.2022 0.00

#### 2. CHECKING OF PROCUREMENT PROCEDURE

During audit we noted that Institute has followed the procurement procedure for purchase. Details of these procurement are given below:

Date	Bill/Invoice	Name of the Supplier	Name of the Items	Qty	Total	Method
01.06.2021	114	Aqua Ion The Life Wheel	Furniture	36	126510	Quotations

07.07.2021	Gem-	Promark	LCD	1	249475	Gem
	13843716	Techsolutio	Infrared			
		n Pvt. Ltd	Optical			
			interactive			
			panels and			
			accessories			
14.07.2021	Gem-	Macins	KRB four	1	434999	Gem
	13949596	India	stroke Diesel			
			Engine			
21.07.2021	66	Sunrise	Accessories	1	499140	Quotations
		Scientific	for Diesel			
		Industries	Engin,six			
			cylinder,			
			four stroke			
01.09.2021	NDCHP190	BSNL	Upgrade the	1	166228	Direct
	1131778		Internet			
	-		facility			
			(LEASED		-	
			LINE)			
			- A			

## 3. CHECKING OF OTHER PROCUREMENT SECTION

Sr. No.	Particulars	Compliance from auditors Yes/ No	Comment of auditor
1	Goods and services financed have been procured in accordance with the relevant financing agreement and procurement norms as laid out in the operations manual.	Yes	No comments
2	Procurement processes being followed at the it is and State Societies are as per procurement Guidelines under STRIVE project as per Para 4.2 of the OM	Yes	No comments
3	Any Procurement related complaints received and time taken in disposal of each such complaints and verifying that no contracts excluded from the program have been awarded.	No	There was no procurement related complaints are reflected on website

4	Publication of Annual/ Quarterly procurement plan on Institute / SPIU website.	Yes	Institute procurement plan is uploaded on the web site www.govtitibangana.e du.in for the financial year 2021-22.
5	Selected Contractor/ Supplier/Service provider/ Consultant on World Banks list of temporarily suspended and debarred firms	No	No contract has been awarded to any firm by Institute, which is debarred by the World Bank.
6	Contract Award Notice (CAN) as per applicable format (Competitive selection, Request for Quotations Direct selection are uploaded on website/Public domain against of each of the completed procurement (applicable in case of LOA/contract issued)	Yes	No comments
7	Any other section/ weakness reviewed on procurement	Yes	During audit period some weakness found in procurement section that is already given in audit report Part –D.

#### PART - F

## EXECUTIVE SUMMARY AND SUGGESTIONS/RECOMMENDATIONS

## 1. TDS NOT DEDUCTED

On checking of TDS records we noted that institute has paid amount of Rs.52,800/- to GNA consultancy but TDS was not deducted under section 194J of Income tax at the time of payment by Institute. detail is mentioned below:

Date of Deducted	Particulars	Amount	TDS Should be deducted @ 10%	Observation
02.07.2022	Amount Paid to GNA consultancy services for professional fees of conducting training & practical on 16 <sup>th</sup> to 18 <sup>th</sup> June 2022.	52,800/-	5,280/-	TDS was not deducted by Institute at the time of payment.

# 2. <u>DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE</u> <u>ANDACTUAL EXPENDITURE INCURRED AS PER CASH BOOK</u>

During audit we noticed that there was difference between expenditure booked in PFMS Software and actual expenditure incurred as per cash book. The detail of PFMS Reconciliation are mentioned below:

## PFMS reconciliation statement as on 31.03.2022 - FY - 2021-22)

Sr. No.	Statement of Expenditure	Amount (Rs.)
I	Expenditure booked as per PFMS Statement From (01.04.2021 to 31.03.2022)	1853687.00
2	Actual Expenditure incurred as per cash book from (01.04.2021 to 31.03.2022)	1626670.00
	Difference	227017.00

## SKILLS STRENGTHENING FOR INDUSTRIAL VALUE ENHANCEMENT (STRIVE)

#### (WORLD BANK FUNDED PROJECT)

#### GOVT. INDUSTRIAL TRAINING INSTITUTE - BILASPUR

## INTERNAL AUDIT REPORT FOR THE PERIOD FROM 01.04.2021 TO 31.03.2022

#### <u>PART - A</u> <u>BRIEF DETAIL OF THE AUDITEE AND AUDIT</u>

a. Name and address of the Auditee

: Govt. Industrial Training Institute

Bilaspur

b. Name of Auditors

: Agarwal A Kumar & Associates

c. Days of Audit

: 2

d. Period covered in the previous audit

: October 01, 2020 to March 31, 2021

e. Period covered in the current audit

: April 01, 2021 to March 31, 2022

#### PART - B

#### EXECUTIVE SUMMARY

#### (a) Objective of Audit

. We have conducted the Internal Audit of Govt. Industrial Training Institute Bilaspur for the period from April 01, 2021 to March 31, 2022. We have carried out the audit in accordance with the standards on auditing promulgated by the Institute of Chartered Accountants of India and in accordance with the TOR as issued by the funding Agency International Development Association. It is the responsibility of the management to maintain the PFMS / PMIS as prescribe by the funding agency in cash system of accounting, fair and proper documentation, generation books and records, and the various Interim financial reports and annual statements, and to implement a proper internal control system commensurate with the size of the organization.

Our responsibility is to verify the books and accounts commensurate with the standard procedures and guidelines followed by the Project for the different level and to see that there is proper documentation and internal control in existence during the period of audit and to report the deficiencies, if any, existing in the operation of the Project.



#### (b) Methodology of Audit

The Audit was conducted on the basis of the finalized Audit Program. After distribution of the audit work and responsibilities, the concerned staff performed their job and directly reported to Team Manager on daily basis. Internal Audit program was mainly focused on following areas:

- An assessment of whether the Project Financial Statements have been prepared in accordance with consistently applied Accounting Standards of the Institute of Chartered Accountants of India and gives a true and fair view of the operations of the Project during the year and the financial position of the Project at the close of the financial year.
- 2 An assessment of the adequacy of the Project financial management systems including internal controls. The financial management system should include methods and records established to identify, assemble, analyze, classify, record and report on transactions and to maintain accountability for the related assets and liabilities.
- 3 That all project funds have been used in accordance with the conditions of the relevant financing agreement, with due attention to transparency, economy and efficiency and only for the purposes for which the financing was provided.
- 4 All necessary supporting documents, records and books/ statements of accounts have been maintained and all necessary supporting documents such as records, vouchers, bids etc. and books of accounts have been kept in respect of all project expenditures.
- 5 Identify the expenditure which are covered in accordance with the allocation described in "Operational Manual" under section 4 "Fiduciary Systems" para 4.1 " Financial Management" under sub para 4.2.3 "Eligible and Ineligible Procurement Expenditure" as eligible and segregate these from non-eligible items.
- 6 Clear linkages exist between the books of accounts maintained for the expenditures and reports presented for the expenditure incurred.
- 7 That test check and verification of the activities were conducted for the project as planned and that they were in line with the agreed loan agreement.
- 8 Verify the eligibility of expenditures for SoE disbursement and separately report upon ineligible expenditure claimed if any.

## (c) Status of implementation of the Public Financial Management System

During audit we noted that "Public Financial Management System" has been implemented during period from April 01, 2021 to March 31, 2022.

#### (d) Status of Compliance of previous audit report

During audit we noted that the compliance of the observations of previous internal audit report have not been done.

#### (e) Key areas of weakness

During audit we noted that there were some key areas of weakness regarding procedural Lapse for the period from April 01, 2021 to March 31, 2022, Details are given in part D.

#### PART-C

#### COMPLIANCE OF PREVIOUS AUDIT REPORT

During audit we noted that the compliance of the observations of previous internal audit report have not been done.

#### 1. NON LEVY OF LIQUIDATED DAMAGES

On checking of procurement we found that expenditure incurred for purchase of Machinery & Equipments but supply was late provided by vendor or suppliers and No L.D. was deducted on payment of Vender & Supplier by Institute but As per Term & condition of contract liquidate damage should be charged for any delay in supply of goods and material. Liquidated Damages are charged at 0.5% of contract price per week after the stipulated date of delivery, subject to a maximum limit of 10% of contract price. Details are mentioned below:

Contract No.	Date of Payment	Particul ars	Date of Delivery as per Contract	Amount	Actual Date of Delivery	Delay
GEMC- 51168773 8966560	30.01.2021	Innotech concepts Pvt Ltd.	19.12.2020	4,77,007/-	14.01.2021	26 Days
GEMC- 51168778 43229949	17.02.2021	M/s Asha Enterpri	22.12.2020	2,15,340/-	30.12.2020	8 Days
GEMC- 51168774 1095761	17.02.2021	M/s Asha Enterpri ses	19.12.2020	2,42,406/-	30.12.2021	11 Days

#### PART - D

#### SERIOUS OBSERVATIONS

During audit we found that there were some serious observations such as laps in internal control, system weakness etc. in following manner:

# 1. <u>DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE</u> <u>ANDACTUAL EXPENDITURE INCURRED AS PER CASH BOOK</u>

During audit we noticed that there was difference between expenditure booked in PFMS Software and actual expenditure incurred as per cash book. The detail of PFMS Reconciliation are mentioned below:

## PFMS reconciliation statement as on 31.03.2022 - FY - 2021-22)

Sr. No.	Statement of Expenditure	Amount (Rs.)
1	Expenditure booked as per PFMS Statement From (01.04.2021 to 31.03.2022)	4018855.00
2	Actual Expenditure incurred as per cash book from (01.04.2021 to 31.03.2022)	2811503.00
	Difference	1207352.00

#### 2. NON LEVY OF LIQUIDATED DAMAGES

On checking of procurement we found that expenditure incurred for purchase of Machinery & Equipments but supply was late provided by vendor or suppliers and No L.D. was deducted on payment of Vender & Supplier by Institute but As per Term & condition of contract liquidate damage should be charged for any delay in supply of goods and material. Liquidated Damages are charged at 0.5% of contract price per week after the stipulated date of delivery, subject to a maximum limit of 10% of contract price. Details are mentioned below:

Contract No.	Date of Payment	Particul ars	Date of Delivery as per Contract	Amount	Actual Date of Delivery	Delay
GEMC- 51168773 9648439	16.09.2021	M/s Digital Genious	05.09.2021	1,28,000/-	14.09.2021	9 Days
GEMC- 51168773 5543890	16.09.2021	Innotech concepts Pvt. Ltd.	05.09.2021	95,992/-	14.09.2021	9 Days

#### PART - E

#### **OTHER OBSERVATIONS**

#### 1. STATUS OF UTILISATION OF FUND

During audit we found that fund received and utilized during audit period as below:

Opening Balance as on 01.04.2021 3726239.00

Fund received during the period from (01.04.2021 to 31.03.2022) 1023248.00

Total Fund 4749487.00

Expenditure incurred during the period (01.04.2021 to 31.03.2022 2811503.00

Unspent balance transferred to H.O. Sunder Nagar 1937984.00

Balance as per bank as on 31.03.2022

0.00

## 2. CHECKING OF PROCUREMENT PROCEDURE

During audit we noted that Institute has followed the proper procurement procedure for purchase. Details of these procurement are given below:

Date	Name of the supplier	Name of item	Qty	Total Amount	Mathod
26/07/2021	Himachal plastic industries plot No.38 Industrial Area Bilaspur (HP)	PVC Florin Matt with installation	540 sqft	40996	Limited Tender
27/08/2021	Shivam Steel Classic udyog plot No.24 Phase Ii industrial area sauli khad mandi(HP)	HP Steel Almirah 1800 4 Shelves	10 Nos	176500	Through Gem
27/08/2021	Shivam Steel Classic udyog plot No.24 Phase Ii industrial area sauli khad mandi(HP)	Executive Table	01 no.	18290	Through Gem
27/08/2021	Shivam Steel Classic udyog plot No.24 Phase Ii industrial area sauli khad	Revolving Chair	01 no.	8099	Through Gem

	mandi(HP)	T			
14/09/2021	M/S Digital	Lenovo intel	02 Nos.	128000	Through Com
	Genius 16 Mw,		02 1108.	128000	Through Gem
	Industrial Area	laptop			
	Phase -1	тартор		1	
	Chandigrah				
14/09/2021	M/S Innotech	Lenovo 53.5	08 Nos.	95992	Through Com
	Concepts	55.5 cm	00 1105.	93992	Through Gem
	private limited	Liquid			
	industrial area	crystal			
	phase-Inear	Display LCD			
	Elante mall	Panel or			
	chandigrah	monitors		_	
	160002	monitors			
14/09/2021	M/S Innotech	Canon	01 no.	295000	Through Com
	Concepts	Multifunctio	01 110.	293000	Through Gem
	private limited	n Machines			
	industrial area	Mfm on site			
	phase-Inear	OEM			
	Elante mall	warrointy 3			
	chandigrah	year			
	160002	-			
29/09/2021	M/S Tirupati	Dual Desk	12 pcs	134573	Through Gem
	Engineers	Two Seater	30.00		
	Corporation	Class Room			
R:	Mehan Po				
	chandpur				
	Bilaspur HP				
29/09/2021	M/S Tirupati	Exectutive	02 Nos.	36644	Through Gem
	Engineers	Table			1 2 2
	Corporation				
	Mehan Po				
	chandpur	)			
26/00/2021	Bilaspur HP				
26/09/2021	M/S Tirupati	Computer	04 Nos.	24000	Through Gem
	Engineers	Table with			
	Corporation	key Board			
	Mehan Po	drawer			
	chandpur				
29/09/2021	Bilaspur HP M/S Tirupati	Vistor Chair	16 Nos	70220	TI 10
27/07/2021	Engineers	visioi Chair	10 1008	78320	Through Gem
	Corporation				
	Mehan Po				
	chandpur				
-	Bilaspur HP				
16/12/2021	M/S paramount	HP NA GB	12 Nos	895248	Through Com
	IT Services	HDD 64 2	12 1103	073440	Through Gem
	SCO.2413-14	Processor			
	Sector 22	with standard			(a')
	Chandigrah-	All in one pC			
	160022	po			

25/03/2022	M/S Vashnavi Sales Corporation Village Dalag PO Nichli Bhater ,Tehsil Sadar Distt.Bilaspur	Construction work	1296 Sqft	597600	Through Quotation
42.	HP				

## 3. CHECKING OF OTHER PROCUREMENT SECTION

Sr. No.	Particulars	Compliance from auditors Yes/ No	Comment of auditor
1	Goods and services financed have been procured in accordance with the relevant financing agreement and procurement norms as laid out in the operations manual.	Yes	No comments
2	Procurement processes being followed at the it is and State Societies are as per procurement Guidelines under STRIVE project as per Para 4.2 of the OM	Yes	No comments
3	Any Procurement related complaints received and time taken in disposal of each such complaints and verifying that no contracts excluded from the program have been awarded.	No	There was no procurement related complaints are reflected on website
4	Publication of Annual/ Quarterly procurement plan on Institute / SPIU website.	Yes	Institute procurement plan is uploaded on the web site www.itibilaspur. org for the financial year 2021-22.
	Selected Contractor/ Supplier/Service provider/ Consultant on World Banks list of temporarily suspended and debarred firms	No	No contract has been awarded to any firm by Institute, which is debarred by the World Bank.
6	Contract Award Notice (CAN) as per applicable format (Competitive selection, Request for Quotations Direct selection are uploaded on website/Public domain against of each of the completed procurement (applicable in case of LOA/contract issued)	Yes	No comments

7 Any other section/ weakness revie procurement	perio weal in pr secti- alrea	ng audit od some kness found ocurement on that is dy given in report
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#### PART - F

## EXECUTIVE SUMMARY AND SUGGESTIONS/RECOMMENDATIONS

# 1. <u>DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE</u> <u>ANDACTUAL EXPENDITURE INCURRED AS PER CASH BOOK</u>

During audit we noticed that there was difference between expenditure booked in PFMS Software and actual expenditure incurred as per cash book. The detail of PFMS Reconciliation are mentioned below:

#### PFMS reconciliation statement as on 31.03.2022 - FY - 2021-22)

Sr. No.	Statement of Expenditure	Amount (Rs.)
1	Expenditure booked as per PFMS Statement From (01.04.2021 to 31.03.2022)	4018855.00
2	Actual Expenditure incurred as per cash book from (01.04.2021 to 31.03.2022)	2811503.00
	Difference	1207352.00

#### 2. NON LEVY OF LIQUIDATED DAMAGES

On checking of procurement we found that expenditure incurred for purchase of Machinery & Equipments but supply was late provided by vendor or suppliers and No L.D. was deducted on payment of Vender & Supplier by Institute but As per Term & condition of contract liquidate damage should be charged for any delay in supply of goods and material. Liquidated Damages are charged at 0.5% of contract price per week after the stipulated date of delivery, subject to a maximum limit of 10% of contract price. Details are mentioned below:

Contract No.	Date of Payment	Particulars	Date of Delivery as per Contract	Amount	Actual Date of Delivery	Delay
GEMC- 51168773 9648439	16.09.2021	M/s Digital Genious	05.09.2021	1,28,000/-	14.09.2021	9 Days
GEMC- 51168773 5543890	16.09.2021	Innotech concepts Pvt. Ltd.	05.09.2021	95,992/-	14.09.2021	9 Days

## SKILLS STRENGTHENING FOR INDUSTRIAL VALUE ENHANCEMENT (STRIVE)

## (WORLD BANK FUNDED PROJECT)

## GOVT. INDUSTRIAL TRAINING INSTITUTE - JAWALI

## INTERNAL AUDIT REPORT FOR THE PERIOD FROM 01.04.2021 TO 31.03.2022

### <u>PART – A</u> <u>BRIEF DETAIL OF THE AUDITEE AND AUDIT</u>

a. Name and address of the Auditee

: Govt. Industrial Training Institute

Jawali

b. Name of Auditors

: Agarwal A Kumar & Associates

c. Days of Audit

: 2

d. Period covered in the previous audit

: October 01, 2020 to March 31, 2021

e. Period covered in the current audit

: April 01, 2021 to March 31, 2022

#### PART - B

#### EXECUTIVE SUMMARY

#### (a) Objective of Audit

We have conducted the Internal Audit of Govt. Industrial Training Institute Jawali for the period from April 01, 2021 to March 31, 2022. We have carried out the audit in accordance with the standards on auditing promulgated by the Institute of Chartered Accountants of India and in accordance with the TOR as issued by the funding Agency International Development Association. It is the responsibility of the management to maintain the PFMS / PMIS as prescribe by the funding agency in cash system of accounting, fair and proper documentation, generation books and records, and the various Interim financial reports and annual statements, and to implement a proper internal control system commensurate with the size of the organization.

Our responsibility is to verify the books and accounts commensurate with the standard procedures and guidelines followed by the Project for the different level and to see that there is proper documentation and internal control in existence during the period of audit and to report the deficiencies, if any, existing in the operation of the Project.



#### (b) Methodology of Audit

The Audit was conducted on the basis of the finalized Audit Program. After distribution of the audit work and responsibilities, the concerned staff performed their job and directly reported to Team Manager on daily basis. Internal Audit program was mainly focused on following areas:

- An assessment of whether the Project Financial Statements have been prepared in accordance with consistently applied Accounting Standards of the Institute of Chartered Accountants of India and gives a true and fair view of the operations of the Project during the year and the financial position of the Project at the close of the financial year.
- 2 An assessment of the adequacy of the Project financial management systems including internal controls. The financial management system should include methods and records established to identify, assemble, analyze, classify, record and report on transactions and to maintain accountability for the related assets and liabilities.
- 3 That all project funds have been used in accordance with the conditions of the relevant financing agreement, with due attention to transparency, economy and efficiency and only for the purposes for which the financing was provided.
- 4 All necessary supporting documents, records and books/ statements of accounts have been maintained and all necessary supporting documents such as records, vouchers, bids etc. and books of accounts have been kept in respect of all project expenditures.
- 5 Identify the expenditure which are covered in accordance with the allocation described in "Operational Manual" under section 4 "Fiduciary Systems" para 4.1 " Financial Management" under sub para 4.2.3 "Eligible and Ineligible Procurement Expenditure" as eligible and segregate these from non-eligible items.
- 6 Clear linkages exist between the books of accounts maintained for the expenditures and reports presented for the expenditure incurred.
- 7 That test check and verification of the activities were conducted for the project as planned and that they were in line with the agreed loan agreement.
- 8 Verify the eligibility of expenditures for SoE disbursement and separately report upon ineligible expenditure claimed if any.

#### (c) Status of implementation of the Public Financial Management System

During audit we noted that "Public Financial Management System" has been implemented during period from April 01, 2021 to March 31, 2022.

#### (d) Status of Compliance of previous audit report

During audit we noted that the compliance of the observations of previous internal audit report have been done.

#### (e) Key areas of weakness

During audit we noted that there were some key areas of weakness regarding procedural Lapse for the period from April 01, 2021 to March 31, 2022, Details are given in part D.

#### PART - C

#### COMPLIANCE OF PREVIOUS AUDIT REPORT

During audit we noted that the compliance of the observations of previous internal audit report have been done.

#### PART - D

#### SERIOUS OBSERVATIONS

During audit we found that there were some serious observations such as laps in internal control, system weakness etc. in following manner:

#### 1. DELAY IN DEPOSIT OF GST TDS

During the audit we found that Institute has deducted GST TDS @ 2% Under Section 51 of GST Act from venders and suppliers but amount was late deposited into respective department by Institute. Details are given below:

Name of Firm/ Vender	Bill No. & Date of payment	Amount of deducted GST TDS @ 2 %	Due date	Actual date of deposit	Observation
M/S Mars Edpal Instruments Pvt. Ltd., Plot No. 81, Sector-1, HSIIDC, IGC, Saha, Ambala, Haryana-133104	20-21/00469 dated 06/02/2021	6300.00	10.03.2021	08.04.2021	GST TDS was late deposited by Institute

M/S Mars Edpal Instruments Pvt. Ltd., Plot No. 81, Sector-1, HSIIDC, IGC, Saha, Ambala,	20-21/00470 dated 06/02/2021	7700.00	10.03.2021	08.04.2021	GST TDS was late deposited by Institute
Haryana-133104		=			
M/S YN Ventures India Pvt. Limited, 176, 2 <sup>nd</sup> floor, Hakikat Nagar, Delhi-110009	YNV-023 dated 08/02/2021	10000.00	10.03.2021	08.04.2021	GST TDS was late deposited by Institute
M/S Voltec Systems India, 8-9, Anand Industrial Esate, Mohan Nagar, Ghaziabad,	098/20-21 dated 03/11/2021	7500.00	10.12.2021	08.04.2021	GST TDS was late deposited by Institute
Uttar Pradesh- 20100		P0. 1	-	** **	

#### PART - E

#### OTHER OBSERVATIONS

#### 1. STATUS OF UTILISATION OF FUND

During audit we found that fund received and utilized during audit period as below:

Opening Balance as on 01.04.2021

107005.00

Fund received during the period from (01.04.2021 to 31.03.2022)

222713.00

Total Fund

329718.00

Expenditure incurred during the period (01.04.2021 to 31.03.2022)

329718.00

Balance as per bank as on 31.03.2022

0.00

# 2. EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL EXPENDITURE INCURRED AS PER CASH BOOK

During audit we noticed that there was no difference between expenditure booked in PFMS Software and actual expenditure incurred as per cash book. The detail of PFMS Reconciliation are mentioned below:

## PFMS reconciliation statement as on 31.03.2022 - FY - 2021-22)

Sr. No.	Statement of Expenditure	Amount (Rs.)
1	Expenditure booked as per PFMS Statement From (01.04.2021 to 31.03.2022)	329718.00
2	Actual Expenditure incurred as per cash book from (01.04.2021 to 31.03.2022)	329718.00
	Difference	0.00

## 3. CHECKING OF OTHER PROCUREMENT SECTION

Sr. No.	Particulars	Compliance from auditors Yes/ No	Comment of auditor
1	Goods and services financed have been procured in accordance with the relevant financing agreement and procurement norms as laid out in the operations manual.	Yes	No comments
2	Procurement processes being followed at the it is and State Societies are as per procurement Guidelines under STRIVE project as per Para 4.2 of the OM	Yes	No comments
3	Any Procurement related complaints received and time taken in disposal of each such complaints and verifying that no contracts excluded from the program have been awarded.	No	There was no procurement related complaints are reflected on website
4	Publication of Annual/ Quarterly procurement plan on Institute / SPIU website.	Yes	Institute procurement plan is uploaded on the web site www.sssgovtitijaw ali.org for the financial year 2021-22.
5	Selected Contractor/ Supplier/Service provider/ Consultant on World Banks list of temporarily suspended and debarred firms	No	No contract has been awarded to any firm by Institute, which is debarred by the World Bank.
6	Contract Award Notice (CAN) as per applicable format (Competitive selection, Request for Quotations Direct selection are	Yes	No comments

	uploaded on website/ Public domain against of each of the completed procurement (applicable in case of LOA/contract issued)		
7	Any other section/ weakness reviewed on procurement	Yes	During audit period some weakness found in procurement section that is already given in audit report Part –D.

### PART - F

# EXECUTIVE SUMMARY AND SUGGESTIONS/RECOMMENDATIONS

# 1. DELAY IN DEPOSIT OF GST TDS

During the audit we found that Institute has deducted GST TDS @ 2% Under Section 51 of GST Act from venders and suppliers but amount was late deposited into respective department by Institute. Details are given below:

Name of Firm/ Vender	Bill No. & Date of payment	Amount of deducted GST TDS @ 2 %	Due date	Actual date of deposit	Observation
M/S Mars Edpal Instruments Pvt. Ltd., Plot No. 81, Sector-1, HSIIDC, IGC, Saha, Ambala, Haryana-133104	20-21/00469 dated 06/02/2021	6300.00	10.03.2021	08.04.2021	GST TDS was late deposited by Institute
M/S Mars Edpal Instruments Pvt. Ltd., Plot No. 81, Sector-1, HSIIDC, IGC, Saha, Ambala, Haryana-133104	20-21/00470 dated 06/02/2021	7700.00	10.03.2021	08.04.2021	GST TDS was late deposited by Institute
M/S YN Ventures India Pvt. Limited, 176, 2 <sup>nd</sup> floor, Hakikat Nagar, Delhi-110009	YNV-023 dated 08/02/2021	10000.00	10.03.2021	08.04.2021	GST TDS was late deposited by Institute

M/S Voltec	098/20-21	7500.00	10.12.2021	08.04.2021	GST TDS
Systems India, 8-9,	dated				was late
Anand Industrial	03/11/2021				deposited by
Esate, Mohan					Institute
Nagar, Ghaziabad,					
Uttar Pradesh-					
20100					



## SKILLS STRENGTHENING FOR INDUSTRIAL VALUE ENHANCEMENT (STRIVE)

### (WORLD BANK FUNDED PROJECT)

#### GOVT. INDUSTRIAL TRAINING INSTITUTE - JOGINDERNAGAR

### INTERNAL AUDIT REPORT FOR THE PERIOD FROM 01.04.2021 TO 31.03.2022

### <u>PART - A</u> <u>BRIEF DETAIL OF THE AUDITEE AND AUDIT</u>

a. Name and address of the Auditee : Govt. Industrial Training Institute

Jogindernagar

b. Name of Auditors : Agarwal A Kumar & Associates

c. Days of Audit : 2

d. Period covered in the previous audit : October 01, 2020 to March 31,2021

e. Period covered in the current audit : April 01, 2021 to March 31, 2022

#### PART - B

#### EXECUTIVE SUMMARY

#### (a) Objective of Audit

We have conducted the Internal Audit of Govt. Industrial Training Institute Jogindernagar for the period from April 01, 2021 to March 31, 2022. We have carried out the audit in accordance with the standards on auditing promulgated by the Institute of Chartered Accountants of India and in accordance with the TOR as issued by the funding Agency International Development Association. It is the responsibility of the management to maintain the PFMS / PMIS as prescribe by the funding agency in cash system of accounting, fair and proper documentation, generation books and records, and the various Interim financial reports and annual statements, and to implement a proper internal control system commensurate with the size of the organization.

Our responsibility is to verify the books and accounts commensurate with the standard procedures and guidelines followed by the Project for the different level and to see that there is proper documentation and internal control in existence during the period of audit and to report the deficiencies, if any, existing in the operation of the Projectionary

### (b) Methodology of Audit

The Audit was conducted on the basis of the finalized Audit Program. After distribution of the audit work and responsibilities, the concerned staff performed their job and directly reported to Team Manager on daily basis. Internal Audit program was mainly focused on following areas:

- An assessment of whether the Project Financial Statements have been prepared in accordance with consistently applied Accounting Standards of the Institute of Chartered Accountants of India and gives a true and fair view of the operations of the Project during the year and the financial position of the Project at the close of the fiscal year.
- 2 An assessment of the adequacy of the Project financial management systems including internal controls. The financial management system should include methods and records established to identify, assemble, analyze, classify, record and report on transactions and to maintain accountability for the related assets and liabilities.
- 3 That all project funds have been used in accordance with the conditions of the relevant financing agreement, with due attention to transparency, economy and efficiency and only for the purposes for which the financing was provided.
- 4 All necessary supporting documents, records and books/ statements of accounts have been maintained and all necessary supporting documents such as records, vouchers, bids etc. and books of accounts have been kept in respect of all project expenditures.
- 5 Identify the expenditure which are covered in accordance with the allocation described in "Operational Manual" under section 4 "Fiduciary Systems" para 4.1 " Financial Management" under sub para 4.2.3 "Eligible and Ineligible Procurement Expenditure" as eligible and segregate these from non-eligible items.
- 6 Clear linkages exist between the books of accounts maintained for the expenditures and reports presented for the expenditure incurred.
- 7 That test check and verification of the activities were conducted for the project as planned and that they were in line with the agreed loan agreement.
- 8 Verify the eligibility of expenditures for SoE disbursement and separately report upon ineligible expenditure claimed if any.

# (c) Status of implementation of the Public Financial Management System

During audit we noted that "Public Financial Management System" has been implemented during period from April 01, 2021 to March 31, 2022.

### (d) Status of Compliance of previous audit report

During audit we noted that the compliance of the observations of previous internal audit report have been done.

### (e) Key areas of weakness

During audit we noted that there were some key areas of weakness regarding procedural lapse for the period from April 01, 2021 to March 31, 2022, Details are given in part D.

#### PART-C

### COMPLIANCE OF PREVIOUS AUDIT REPORT

During audit we noted that the compliance of the observations of previous internal audit report have been done.

#### PART - D

### SERIOUS OBSERVATIONS

During audit we found that there were no fund received and no expenditure incurred during the year 2021-22.

### PART - E

#### OTHER OBSERVATIONS

1. During audit we found that there were no fund received and no expenditure incurred during the FY 2021-22.

### 2. CHECKING OF PROCUREMENT SECTION

Sr. No.	Particulars	Compliance from auditors Yes/No	Comment of auditor
1	Goods and services financed have been procured in accordance with the relevant financing agreement and procurement norms as laid out in the operations manual.	Yes	No comments

2	Procurement processes being followed at the it is and State Societies are as per procurement Guidelines under STRIVE project as per Para 4.2 of the OM	Yes	No comments
3	Any Procurement related complaints received and time taken in disposal of each such complaints and verifying that no contracts excluded from the program have been awarded.	No	There was no procurement related complaints are reflected on website
4	Publication of Annual/ Quarterly procurement plan on Institute / SPIU website.	Yes	Institute procurement plan is uploaded on the web site www.itijoginder.org. for the financial year 2021-22.
5	Selected Contractor/ Supplier/Service provider/ Consultant on World Banks list of temporarily suspended and debarred firms	No	No contract has been awarded to any firm by Institute, which is debarred by the World Bank.
6	Contract Award Notice (CAN) as per applicable format (Competitive selection, Request for Quotations Direct selection are uploaded on website/Public domain against of each of the completed procurement (applicable in case of LOA/contract issued)	Yes	No comments
7	Any other section/ weakness reviewed on procurement	Yes	During audit period some weakness found in procurement section that is already given in audit report Part –D.

### PART - F

### EXECUTIVE SUMMARY AND SUGGESTIONS/RECOMMENDATIONS

During audit we found that there were no fund received and no expenditure incurred during the year 2021-22.

# SKILLS STRENGTHENING FOR INDUSTRIAL VALUE ENHANCEMENT (STRIVE)

### (WORLD BANK FUNDED PROJECT)

## GOVT. INDUSTRIAL TRAINING INSTITUTE - JUBBAL

# INTERNAL AUDIT REPORT FOR THE PERIOD FROM 01.04.2021 TO 31.03.2022

# PART - A BRIEF DETAIL OF THE AUDITEE AND AUDIT

a. Name and address of the Auditee

: Govt. Industrial Training Institute

Jubbal

b. Name of Auditors

: Agarwal A Kumar & Associates

c. Days of Audit

: 2

d. Period covered in the previous audit

: October 01, 2020 to March 31, 2021

e. Period covered in the current audit

: April 01, 2021 to March 31, 2022

#### PART - B

### **EXECUTIVE SUMMARY**

#### (a) Objective of Audit

We have conducted the Internal Audit of Govt. Industrial Training Institute Jubbal for the period from April 01, 2021 to March 31, 2022. We have carried out the audit in accordance with the standards on auditing promulgated by the Institute of Chartered Accountants of India and in accordance with the TOR as issued by the funding Agency International Development Association. It is the responsibility of the management to maintain the PFMS / PMIS as prescribe by the funding agency in cash system of accounting, fair and proper documentation, generation books and records, and the various Interim financial reports and annual statements, and to implement a proper internal control system commensurate with the size of the organization.

Our responsibility is to verify the books and accounts commensurate with the standard procedures and guidelines followed by the Project for the different level and to see that there is proper documentation and internal control in existence during the period of audit and to report the deficiencies, if any, existing in the operation of the Project.



### (b) Methodology of Audit

The Audit was conducted on the basis of the finalized Audit Program. After distribution of the audit work and responsibilities, the concerned staff performed their job and directly reported to Team Manager on daily basis. Internal Audit program was mainly focused on following areas:

- An assessment of whether the Project Financial Statements have been prepared in accordance with consistently applied Accounting Standards of the Institute of Chartered Accountants of India and gives a true and fair view of the operations of the Project during the year and the financial position of the Project at the close of the financial year.
- 2 An assessment of the adequacy of the Project financial management systems including internal controls. The financial management system should include methods and records established to identify, assemble, analyze, classify, record and report on transactions and to maintain accountability for the related assets and liabilities.
- 3 That all project funds have been used in accordance with the conditions of the relevant financing agreement, with due attention to transparency, economy and efficiency and only for the purposes for which the financing was provided.
- 4 All necessary supporting documents, records and books/ statements of accounts have been maintained and all necessary supporting documents such as records, vouchers, bids etc. and books of accounts have been kept in respect of all project expenditures.
- 5 Identify the expenditure which are covered in accordance with the allocation described in "Operational Manual" under section 4 "Fiduciary Systems" para 4.1 " Financial Management" under sub para 4.2.3 "Eligible and Ineligible Procurement Expenditure" as eligible and segregate these from non-eligible items.
- 6 Clear linkages exist between the books of accounts maintained for the expenditures and reports presented for the expenditure incurred.
- 7 That test check and verification of the activities were conducted for the project as planned and that they were in line with the agreed loan agreement.
- 8 Verify the eligibility of expenditures for SoE disbursement and separately report upon ineligible expenditure claimed if any.

## (c) Status of implementation of the Public Financial Management System

During audit we noted that "Public Financial Management System" has been implemented during period from April 01, 2021 to March 31, 2022.

### (d) Status of Compliance of previous audit report

During audit we noted that the compliance of the observations of previous internal audit report have not been done.

### (e) Key areas of weakness

During audit we noted that there were some key areas of weakness regarding procedural Lapse for the period from April 01, 2021 to March 31, 2022, Details are given in part D.

#### PART - C

### COMPLIANCE OF PREVIOUS AUDIT REPORT

During audit we noted that the compliance of the observations of previous internal audit report have not been done.

### 1. TDS NOT DEDUCTED

On checking of TDS records we noted that institute has paid amount of Rs.45,000/- to Naketa taxi service but TDS was not deducted under section 194C of Income Tax Act 1961 at the time of payment by Institute. Detail is mentioned below:

Date of Deducted	Particulars	Amount	TDS Should be deducted @ 10%	Observation
11.02.2021	Amount Paid to Naketa taxi service for hiring taxi charges.	45,000/-	4,500/-	TDS was not deducted by Institute at the time of payment.

#### PART - D

#### **SERIOUS OBSERVATIONS**

During audit we found that there were some serious observations such as laps in internal control, system weakness etc. in following manner:

# 1. <u>DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE</u> <u>ANDACTUAL EXPENDITURE INCURRED AS PER CASH BOOK</u>

During audit we noticed that there was difference between expenditure booked in PFMS Software and actual expenditure incurred as per cash book. The detail of PFMS reconciliation are mentioned below:

# PFMS reconciliation statement as on 31.03.2022 - FY - 2021-22)

Sr. No.	Statement of Expenditure	Amount (Rs.)
1	Expenditure booked as per PFMS Statement From (01.04.2021 to 31.03.2022)	1312061.00
2	Actual Expenditure incurred as per cash book from (01.04.2021 to 31.03.2022)	1169178.00
	Difference	142883.00

### PART - E

### OTHER OBSERVATIONS

## 1. STATUS OF UTILISATION OF FUND

During audit we found that fund received and utilized during audit period as below:

Opening Balance as on 01.04.2021

1169178.00

Fund received during the period from (01.04.2021 to 31.03.2022)

0.00

Expenditure incurred during the period (01.04.2021 to 31.03.2022)

1169178.00

Balance as per bank as on 31.03.2022

0.00

# 2. CHECKING OF PROCUREMENT PROCEDURE

During audit we noted that Institute has followed the proper procurement procedure for purchase. Detail of this procurement is given below:

Date	Bill /Invoice No.	Name of the Supplier	Name of the Item	Qty	Total	Method
17.04.2021	Invoice No.064	M/S Shivam Steel Classic Udyog	Instructor Table	04 Nos.	39200	Gem
17.04.2021	Invoice No.065	M/S Shivam Steel Classic Udyog	Steel Almirah with Glass	05 Nos.	84990	Gem
11.06.2021	Invoice No.STC- 151	M/S Shyam Ji Trading Company	Computer Table	04 Nos.	22028	Gem
30.06.2021	D/21-22/22	Digitech Media Products Pvt. Ltd.	Multimedia Projector	02 Nos.	150674	Direct From Publishers

30.06.2021	Voucher No. 39	M/S Dhanpat Tai Publishing	ITI Books	30 Nos.	12115	Direct From Publisher.
30.06.2021	Invoice No. 2065		ITI Books	10 Nos.	1650	Direct From Publishers
30.06.2021	Invoice No. 109/21-22	M/S Satya Prakashan	ITI Books	40 Nos.	13912	Direct From Publisher.
30.06.2021	Order No P.No. 17559	M/S Computech Publications Ltd.	ITI Books	50 Nos.	14937	Direct From Publishers
30.06.2021	Order No SO-OS1	M/S JKP Publications	ITI Books	110 Nos.	20246	Direct From Publishers
30.06.2021	Quotation No.000001	M/S Neelkanth Publishers Private Ltd.	ITI Books	86 Nos.	20993	Direct From Publishers
14.07.2021	Invoice No. 1061	M/S Tirupati Engineers	Bench Vises heavy Duty (Plain Screw Type with anvil	10 Nos.	88000	Quotation s/ Limited Tenders
14.07.2021	Invoice No. D21220715 6	M/S Computer Infotech (India) Pvt. Ltd.	Dell 1000 @ 7200 rpm GB HDD 64 2 Processor with Standard Display All in One pc	2 Nos.	142830	Gem
14.07.2021	Bill No 288		Laptop, Online UPS (2KVA) or above with Batteries	1No. Each	303400	Quotation s/ Limited Tenders
14.07.2021	Bill No. PS/00012	September 1971 September 1	Almirah Steel	Nos.	104980	Gem

# 3. CHECKING OF OTHER PROCUREMENT SECTION

Sr. No.	Particulars	Compliance from auditors Yes/ No	Comment of auditor
1	Goods and services financed have been procured in accordance with the relevant financing agreement and procurement norms as laid out in the operations manual.	Yes	No comments
2	Procurement processes being followed at the it is and State Societies are as per procurement Guidelines under STRIVE project as per Para 4.2 of the OM	Yes	No comments
3	Any Procurement related complaints received and time taken in disposal of each such complaints and verifying that no contracts excluded from the program have been awarded.	No	There was no procurement related complaints are reflected on website
4	Publication of Annual/ Quarterly procurement plan on Institute / SPIU website.	Yes	Institute procurement plan is uploaded on the web site www.itijubbalhp.e du.in for the financial year 2021-22.
5	Selected Contractor/ Supplier/Service provider/ Consultant on World Banks list of temporarily suspended and debarred firms	No	No contract has been awarded to any firm by Institute, which is debarred by the World Bank.
6	Contract Award Notice (CAN) as per applicable format (Competitive selection, Request for Quotations Direct selection are uploaded on website/ Public domain against of each of the completed procurement (applicable in case of LOA/contract issued)		No comments
7	Any other section/ weakness reviewed on procurement		During audit period some weakness found in procurement section that is already given in audit report Part –D.

### PART - F

# EXECUTIVE SUMMARY AND SUGGESTIONS/RECOMMENDATIONS

# 1. <u>DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL EXPENDITURE INCURRED AS PER CASH BOOK</u>

During audit we noticed that there was difference between expenditure booked in PFMS Software and actual expenditure incurred as per cash book. The detail of PFMS reconciliation are mentioned below:

# PFMS reconciliation statement as on 31.03.2022 - FY - 2021-22)

Sr. No.	Statement of Expenditure	Amount (Rs.)
1	Expenditure booked as per PFMS Statement From (01.04.2021 to 31.03.2022)	1312061.00
2	Actual Expenditure incurred as per cash book from (01.04.2021 to 31.03.2022)	1169178.00
	Difference	142883.00



# SKILLS STRENGTHENING FOR INDUSTRIAL VALUE ENHANCEMENT (STRIVE)

### (WORLD BANK FUNDED PROJECT)

# GOVT. INDUSTRIAL TRAINING INSTITUTE - KULLU

# INTERNAL AUDIT REPORT FOR THE PERIOD FROM 01.04.2021 TO 31.03.2022

### PART - A BRIEF DETAIL OF THE AUDITEE AND AUDIT

a. Name and address of the Auditee

: Govt. Industrial Training Institute

Kullu

b. Name of Auditors

: Agarwal A Kumar & Associates

c. Days of Audit

: 2

d. Period covered in the previous audit

: October 01, 2020 to March 31, 2021

e. Period covered in the current audit

: April 01, 2021 to March 31, 2022

#### PART-B

### EXECUTIVE SUMMARY

#### (a) Objective of Audit

We have conducted the Internal Audit of Govt. Industrial Training Institute Kullu for the period from April 01, 2021 to March 31, 2022. We have carried out the audit in accordance with the standards on auditing promulgated by the Institute of Chartered Accountants of India and in accordance with the TOR as issued by the funding Agency International Development Association. It is the responsibility of the management to maintain the PFMS / PMIS as prescribe by the funding agency in cash system of accounting, fair and proper documentation, generation books and records, and the various Interim financial reports and annual statements, and to implement a proper internal control system commensurate with the size of the organization.

Our responsibility is to verify the books and accounts commensurate with the standard procedures and guidelines followed by the Project for the different level and to see that there is proper documentation and internal control in existence during the period of audit and to report the deficiencies, if any, existing in the operation of the Project.



### (b) Methodology of Audit

The Audit was conducted on the basis of the finalized Audit Program. After distribution of the audit work and responsibilities, the concerned staff performed their job and directly reported to Team Manager on daily basis. Internal Audit program was mainly focused on following areas:

- An assessment of whether the Project Financial Statements have been prepared in accordance with consistently applied Accounting Standards of the Institute of Chartered Accountants of India and gives a true and fair view of the operations of the Project during the year and the financial position of the Project at the close of the financial year.
- 2 An assessment of the adequacy of the Project financial management systems including internal controls. The financial management system should include methods and records established to identify, assemble, analyze, classify, record and report on transactions and to maintain accountability for the related assets and liabilities.
- 3 That all project funds have been used in accordance with the conditions of the relevant financing agreement, with due attention to transparency, economy and efficiency and only for the purposes for which the financing was provided.
- 4 All necessary supporting documents, records and books/ statements of accounts have been maintained and all necessary supporting documents such as records, vouchers, bids etc. and books of accounts have been kept in respect of all project expenditures.
- 5 Identify the expenditure which are covered in accordance with the allocation described in "Operational Manual" under section 4 "Fiduciary Systems" para 4.1 " Financial Management" under sub para 4.2.3 "Eligible and Ineligible Procurement Expenditure" as eligible and segregate these from non-eligible items.
- 6 Clear linkages exist between the books of accounts maintained for the expenditures and reports presented for the expenditure incurred.
- 7 That test check and verification of the activities were conducted for the project as planned and that they were in line with the agreed loan agreement.
- 8 Verify the eligibility of expenditures for SoE disbursement and separately report upon ineligible expenditure claimed if any.

# (c) Status of implementation of the Public Financial Management System

During audit we noted that "Public Financial Management System" has been implemented during period from April 01, 2021 to March 31, 2022.

## (d) Status of Compliance of previous audit report

During audit we noted that the compliance of the observations of previous internal audit report have not been done.

### (e) Key areas of weakness

During audit we noted that there were some key areas of weakness regarding procedural Lapse for the period from April 01, 2021 to March 31, 2022, Details are given in part D.

#### PART - C

### COMPLIANCE OF PREVIOUS AUDIT REPORT

During audit we noted that the compliance of the observations of previous internal audit report have not been done.

# 1. <u>DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL EXPENDITURE INCURRED AS PER CASH BOOK</u>

During audit we noticed that there was difference between expenditure booked in PFMS Software and actual expenditure incurred as per cash book. The detail of PFMS reconciliation are mentioned below:

# PFMS reconciliation statement as on 31.03.2021 - FY - 2020-21)

Sr. No.	Statement of Expenditure	Amount (Rs.)
1	Expenditure booked as per PFMS Statement From (01.04.2020 to 31.03.2021)	3975668.00
2	Actual Expenditure incurred as per cash book from (01.04.2020 to 31.03.2021)	3794770.00
	Difference	180898.00

Auditors' Comments: Compliance has been made now.

# 2. NO IDENTIFICATION MARK SHOWN ON THE FIXED ASSETS

We checked the Fixed Assets Register and found that consumable and non consumable items were shown in same register. There is no segregation of items. Further we have checked the Physically fixed assets and noted that there were no identification of mark shown on the Fixed Assets.

#### Recommendation

We recommend that As per "Operational Manual" under section 4" para 4.1.3.4 "page no. 320 Each asset must be physically marked with a number, where in such number must be recorded along with the Asset Location in the Asset Register.

### PART - D

### SERIOUS OBSERVATIONS

During audit we found that there were some serious observations such as laps in internal control, system weakness etc. in following manner:

### 1. TDS NOT DEDUCTED

On checking of TDS records we noted that institute has paid amount of Rs.2,11,903/- to RR Enterprises but TDS was not deducted at the time of payment by Institute. detail is mentioned below:

Date of Deducted	Particulars	Amount	TDS Should be deducted @ 2%	Observation
25.03.2022	Amount Paid to RR Enterprises for civil work.	2,11,903/-	4,238/-	TDS was not deducted by Institute at the time of payment.

# 2. CHECKING OF PROCUREMENT PROCEDURE

During audit we noted that in one case Institute has not followed the proper procurement procedure for purchase. Detail of this procurement is given below:

Date	Particulars	Amount (Rs)	Observations
12.07.2021	Anand Enterprises	19,824/-	Amount paid to Anand Enterprises for purchase of computer chairs without arms.  1. Dates were not mentioned on Quotations.  2. Quotations were not stamped from venders.

# 3. <u>INSPECTION REPORT OF MACHINERY, EQUIPMENTS AND MATERIAL NOT AVAILABLE</u>

During audit we found that Institute has made some procurement but after supply and Installation of Machinery, Equipments and Material from venders, suppliers there were no Inspection reports of IMC members found in record during audit. Detail of these Procurement are given below:

Date	Supplier		Name of the Items	Qty	Total	
09-04-2021	19212200/0 0009	Acme Safety Wears Limited	Safety Helmet 6000VR-Y	21	6615	
31-05-2021	45	Ayushi Enterprises	Rubber Gloves	21	24150	
08-07-2021	AE/21- 22/0334	ANAND ENTERPRISES	Library chair, Computer chair without arm	8	19824	
21-06-2021	TIMUTW2 122/02646	M/s Singer India Ltd.	Singer, Disc	10	230450	
15-06-2021	#UM/21- 22/118	Urban Mistry Pvt. Ltd.	Acer Laptops	4	136000	
17-07-2021	DIN/21- 22/0523	Delta IT Network Pvt. Ltd.	Pannel LCD Infrared Optical	1	150000	
14-07-2021	192	Cedar Engineering & Systems Pvt. Ltd.	5 Kva online ups wit battery backup	1	127440	

Auditors' Comments: Compliance has been made now.

# 4. NO IDENTIFICATION MARK SHOWN ON THE FIXED ASSETS

We checked the Fixed Assets Register and found that consumable and non consumable items were shown in same register. There is no segregation of items. Further we have checked the Physically fixed assets and noted that there were no identification of mark shown on the Fixed Assets.

### Recommendation

We recommend that As per "Operational Manual" under section 4" para 4.1.3.4 "page no. 320 Each asset must be physically marked with a number, where in such number must be recorded along with the Asset Location in the Asset Register.

#### PART - E

### OTHER OBSERVATIONS

# 1. STATUS OF UTILISATION OF FUND

During audit we found that fund received and utilized during audit peri	iod as below.
Opening Balance as on 01.04.2021	1105230.00
Fund received during the period from (01.04.2021 to 31.03.2022)	0.00
Total Fund	1105230.00
Expenditure incurred during the period (01.04.2021 to 31.03.2022	1105230.00
Balance as per bank as on 31.03.2022	0.00

# 2. EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL EXPENDITURE INCURRED AS PER CASH BOOK

During audit we noticed that there was no difference between expenditure booked in PFMS Software and actual expenditure incurred as per cash book. The detail of PFMS Reconciliation are mentioned below:

PFMS reconciliation statement as on 31.03.2022 - FY - 2021-22)

Sr. No.	Statement of Expenditure	Amount (Rs.)	
1	Expenditure booked as per PFMS Statement From (01.04.2021 to 31.03.2022)	1105230.00	
2	Actual Expenditure incurred as per cash book from (01.04.2021 to 31.03.2022)	1105230.00	
	Difference	0.00	

# 3. CHECKING OF OTHER PROCUREMENT SECTION

Sr. No.	Particulars	Compliance from auditors Yes/ No	Comment of auditor
1	Goods and services financed have been procured in accordance with the relevant financing agreement and procurement norms as laid out in the operations manual.	Yes	No comments
2	Procurement processes being followed at the it is and State Societies are as per procurement Guidelines under STRIVE project as per Para 4.2 of the OM	Yes	No comments
3	Any Procurement related complaints received and time taken in disposal of each such complaints and verifying that no contracts excluded from the program have been awarded.	No	There was no procurement related complaints are reflected on website
4	Publication of Annual/ Quarterly procurement plan on Institute / SPIU website.	Yes	Institute procurement plan is uploaded on the web site www.itikullu.in for the financial year 2021-22.

5	Selected Contractor/ Supplier/Service provider/ Consultant on World Banks list of temporarily suspended and debarred firms	No	No contract has been awarded to any firm by Institute, which is debarred by the World Bank.
6	Contract Award Notice (CAN) as per applicable format (Competitive selection, Request for Quotations Direct selection are uploaded on website/ Public domain against of each of the completed procurement (applicable in case of LOA/contract issued)	Yes	No comments
7	Any other section/ weakness reviewed on procurement	Yes	During audit period some weakness found in procurement section that is already given in audit report Part –D.

### PART - F

# EXECUTIVE SUMMARY AND SUGGESTIONS/RECOMMENDATIONS

### 1. TDS NOT DEDUCTED

On checking of TDS records we noted that institute has paid amount of Rs.2,11,903/- to RR Enterprises but deducted TDS was not deducted at the time of payment by Institute. detail is mentioned below:

Date of Deducted	Particulars	Amount	TDS Should be deducted @ 2%	Observation
25.03.2022	Amount Paid to RR Enterprises for civil work.	2,11,903/-	4,238/-	TDS was not deducted by Institute at the time of payment.

# 2. CHECKING OF PROCUREMENT PROCEDURE

During audit we noted that in one case Institute has not followed the proper procurement procedure for purchase. Detail of this procurement is given below:

Date	Particulars	Amount (Rs)	Observations
12.07.2021	Anand Enterprises	19,824/-	Amount paid to Anand Enterprises for purchase of computer chairs without arms.  1. Dates were not mentioned on Quotations.  2. Quotations were not stamped from venders.

# 3. <u>INSPECTION REPORT OF MACHINERY, EQUIPMENTS AND MATERIAL</u> <u>NOT FOUND</u>

During audit we found that Institute has made some procurement but after supply and Installation of Machinery, Equipments and Material from venders, suppliers there were no Inspection reports of IMC members found in record during audit. Detail of these Procurement are given below:

Date	Bill/Invoice	Name of the Supplier	Name of the Items	Qty	Total
09-04-2021	19212200/0 0009	Acme Safety Wears Limited	Safety Helmet 6000VR-Y	21	6615
31-05-2021	45	Ayushi Enterprises	Rubber Gloves	21	24150
08-07-2021	AE/21- 22/0334	ANAND ENTERPRISES	Library chair, Computer chair without arm	8	19824
21-06-2021	TIMUTW2 122/02646	M/s Singer India Ltd.	Singer, Disc	10	230450
15-06-2021	#UM/21- 22/118	Urban Mistry Pvt. Ltd.	Acer Laptops	4	136000
17-07-2021	DIN/21- 22/0523	Delta IT Network Pvt. Ltd.	Pannel LCD Infrared Optical	1	150000
14-07-2021	192	Cedar Engineering & Systems Pvt. Ltd.	5 Kva online ups wit battery backup	1	127440

Auditors' Comments: Compliance has been made now.

# 4. NO IDENTIFICATION MARK SHOWN ON THE FIXED ASSETS

We checked the Fixed Assets Register and found that consumable and non consumable items were shown in same register. There is no segregation of items. Further we have checked the Physically fixed assets and noted that there were no identification of mark shown on the Fixed Assets.

#### Recommendation

We recommend that As per "Operational Manual" under section 4" para 4.1.3.4 "page no. 320 Each asset must be physically marked with a number, where in such number must be recorded along with the Asset Location in the Asset Register.



# SKILLS STRENGTHENING FOR INDUSTRIAL VALUE ENHANCEMENT (STRIVE)

### (WORLD BANK FUNDED PROJECT)

## GOVT. INDUSTRIAL TRAINING INSTITUTE - MANDI

# INTERNAL AUDIT REPORT FOR THE PERIOD FROM 01.04.2021 TO 31.03.2022

# <u>PART – A</u> <u>BRIEF DETAIL OF THE AUDITEE AND AUDIT</u>

a. Name and address of the Auditee

: Govt. Industrial Training Institute

Mandi

b. Name of Auditors

: Agarwal A Kumar & Associates

: 2

c. Days of Audit

d. Period covered in the previous audit

: October 01, 2020 to March 31, 2021

e. Period covered in the current audit

: April 01, 2021 to March 31, 2022

#### PART - B

### **EXECUTIVE SUMMARY**

### (a) Objective of Audit

We have conducted the Internal Audit of Govt. Industrial Training Institute Mandi for the period from April 01, 2021 to March 31, 2022. We have carried out the audit in accordance with the standards on auditing promulgated by the Institute of Chartered Accountants of India and in accordance with the TOR as issued by the funding Agency International Development Association. It is the responsibility of the management to maintain the PFMS / PMIS as prescribe by the funding agency in cash system of accounting, fair and proper documentation, generation books and records, and the various Interim financial reports and annual statements, and to implement a proper internal control system commensurate with the size of the organization.

Our responsibility is to verify the books and accounts commensurate with the standard procedures and guidelines followed by the Project for the different level and to see that there is proper documentation and internal control in existence during the period of audit and to report the deficiencies, if any, existing in the operation of the Project.



### (b) Methodology of Audit

The Audit was conducted on the basis of the finalized Audit Program. After distribution of the audit work and responsibilities, the concerned staff performed their job and directly reported to Team Manager on daily basis. Internal Audit program was mainly focused on following areas:

- 1 An assessment of whether the Project Financial Statements have been prepared in accordance with consistently applied Accounting Standards of the Institute of Chartered Accountants of India and gives a true and fair view of the operations of the Project during the year and the financial position of the Project at the close of the financial year.
- 2 An assessment of the adequacy of the Project financial management systems including internal controls. The financial management system should include methods and records established to identify, assemble, analyze, classify, record and report on transactions and to maintain accountability for the related assets and liabilities.
- 3 That all project funds have been used in accordance with the conditions of the relevant financing agreement, with due attention to transparency, economy and efficiency and only for the purposes for which the financing was provided.
- 4 All necessary supporting documents, records and books/ statements of accounts have been maintained and all necessary supporting documents such as records, vouchers, bids etc. and books of accounts have been kept in respect of all project expenditures.
- 5 Identify the expenditure which are covered in accordance with the allocation described in "Operational Manual" under section 4 "Fiduciary Systems" para 4.1 " Financial Management" under sub para 4.2.3 "Eligible and Ineligible Procurement Expenditure" as eligible and segregate these from non-eligible items.
- 6 Clear linkages exist between the books of accounts maintained for the expenditures and reports presented for the expenditure incurred.
- 7 That test check and verification of the activities were conducted for the project as planned and that they were in line with the agreed loan agreement.
- 8 Verify the eligibility of expenditures for SoE disbursement and separately report upon ineligible expenditure claimed if any.

# (c) Status of implementation of the Public Financial Management System

During audit we noted that "Public Financial Management System" has been implemented during period from April 01, 2021 to March 31, 2022.

### (d) Status of Compliance of previous audit report

During audit we noted that the compliance of the observations of previous internal audit report have not been done.

### (e) Key areas of weakness

During audit we noted that there were some key areas of weakness regarding procedural Lapse for the period from April 01, 2021 to March 31, 2022, Details are given in part D.

### PART - C

## COMPLIANCE OF PREVIOUS AUDIT REPORT

During audit we noted that the compliance of the observations of previous internal audit report have not been done.

# 1. <u>DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL EXPENDITURE INCURRED AS PER CASH BOOK</u>

During audit we noticed that there was difference between expenditure booked in PFMS Software and actual expenditure incurred as per cash book. The detail of PFMS reconciliation are mentioned below:

## PFMS reconciliation statement as on 31.03.2021 - FY - 2020-21)

Sr. No.	Statement of Expenditure	Amount (Rs.)
1	Expenditure booked as per PFMS Statement From (01.04.2020 to 31.03.2021)	7616444.00
2	Actual Expenditure incurred as per cash book from (01.04.2020 to 31.03.2021)	7428393.48
	Difference	188050.52

## 2. NON LEVY OF LIQUIDATED DAMAGES

On checking of procurement we found that expenditure incurred for purchase of Machinery & Equipments and supply of goods but supply was late provided by vendors or suppliers and No L.D. was deducted on payment of Venders & Suppliers by Institute but As per Term & condition of contract liquidate damage should be charged for any delay in supply of goods and material. Liquidated Damages are charged at 0.5% of contract price per week after the stipulated date of delivery, subject to a maximum limit of 10% of contract price. Details are mentioned below:

Contract No.	P.O. Date	Particulars	Date of Delivery as per Contract	Amount	Actual Date of Delivery	Delay
GEMC- 51168771 1834731	25.09.2020	Amount Paid to Innotech Concepts Pvt Ltd. For purchase of Lenovo Think book.		1,86,830/-	09.10.2020	9 Days
GEMC- 51168776 7022465	04.11.2020	Amount Paid to Rama Electric and Machinery store For purchase of Acer Intel Core Window 10.	19.11.2020	49,800/-	13.12.2020	24 Days
GEMC- 51168773 5638336	03.12.2020	Amount Paid to Ahsa Enterprises For purchase of Power Saw Machine	18.12.2020	1,64,467/-	26.12.2020	8 Days
GEMC- 51168778 1523213	07.12.2020	Amount Paid to Rama Electric & Machine store For purchase of Split AC.	22.12.2020	1,05,000/-	29.12.2020	7 Days
GEMC- 51168776 2795527	07.12.2020	Amount Paid to Voltec System India Pvt Ltd. For purchase of Unbranded 3.0 KVA UPS.	22.12.2020	1,65,000/-	06.01.2021	15 Days
GEMC- 51168779 6026102	19.12.2020	Amount Paid to B.E. Office Automation For purchase of UPS with Battery.	03.01.2021	4,80,100/-	16.01.2021	13 Days

GEMC- 51168770 428764	23.12.2020	Amount Paid to M/s Paramount IT Solutions For purchase of BPE IKVA Ups.	07.01.2021	1,00,758/-	03.02.2021	27 Days
GEMC- 51168774 5310338	05.12.2020	Amount Paid to Voltec System India For purchase of Hydraulic Traner Kit	20.12.2020	9,83,500/-	10.02.2021	52 Days

### 3. GST TDS NOT DEDUCTED

During the audit we found that amount was paid for supply of goods or services but GST TDS @ 2% Under Section 51 of GST Act not deducted at the time of payment. Details are given below:

Date	Particulars	Total Amount	Observations
16.12.2020	Wood Squre Technologies Pvt Ltd.	2,93,149/-	Payment made without deducted GST TDS.
24.03.2021	Wood Squre Technologies Pvt Ltd.	2,93,125/-	Payment made without deducted GST TDS.

#### PART - D

#### SERIOUS OBSERVATIONS

During audit we found that there were some serious observations such as laps in internal control, system weakness etc. in following manner:

### 1. TDS NOT DEDUCTED

On checking of TDS records we noted that institute has paid amount of Rs.56,640/to Osaka consultancy but TDS was not deducted under section 194J of Income tax at the time of payment by Institute. detail is mentioned below:

Date of Deducted	Particulars	Amount	TDS Should be deducted @ 10%	Observation
28.03.2022	Amount Paid to Osaka consultancy for professional charges.	56,640/-	5,664/-	TDS was not deducted by Institute at the time of payment.

## 2. CHECKING OF PROCUREMENT PROCEDURE

During audit we noted that in one case Institute has not followed the proper procurement procedure for purchase. Detail of this procurement is given below:

Date	Particulars	Amount (Rs)	Observations
28.07.2021	Balasa Electrical General supplier	41,453/-	Amount paid to Balasa Electrical General supplier for purchase of Tool Kit and Ceiling fan etc.  1. Dates were not mentioned on Quotations.  2. Quotations were not stamped from venders.

### PART - E

### **OTHER OBSERVATIONS**

### 1. STATUS OF UTILISATION OF FUND

During audit we found that fund received and utilized during audit period as below:

Opening Balance as on 01.04.2021

Fund received during the period from (01.04.2021 to 31.03.2022)

879937.00

Total Fund

Expenditure incurred during the period (01.04.2021 to 31.03.2022)

Balance as per bank as on 31.03.2022

0.00

# 2. EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL EXPENDITURE INCURRED AS PER CASH BOOK

During audit we noticed that there was no difference between expenditure booked in PFMS Software and actual expenditure incurred as per cash book. The detail of PFMS Reconciliation are mentioned below:

# PFMS reconciliation statement as on 31.03.2022 - FY - 2021-22)

Sr. No.	Statement of Expenditure	Amount (Rs.)
1	Expenditure booked as per PFMS Statement From (01.04.2021 to 31.03.2022)	2051544.00
2	Actual Expenditure incurred as per cash book from (01.04.2021 to 31.03.2022)	2051544.00
	Difference	0.00

# 3. CHECKING OF OTHER PROCUREMENT SECTION

Sr. No.	Particulars	Compliance from auditors Yes/ No	Comment of auditor
1	Goods and services financed have been procured in accordance with the relevant financing agreement and procurement norms as laid out in the operations manual.	Yes	No comments
2	Procurement processes being followed at the it is and State Societies are as per procurement Guidelines under STRIVE project as per Para 4.2 of the OM	Yes	No comments
3	Any Procurement related complaints received and time taken in disposal of each such complaints and verifying that no contracts excluded from the program have been awarded.	No	There was no procurement related complaints are reflected on website
4	Publication of Annual/ Quarterly procurement plan on Institute / SPIU website.	Yes	Institute procurement plan is uploaded on the web site www.itimandi.org for the financial year 2021-22.
5	Selected Contractor/ Supplier/Service provider/ Consultant on World Banks list of temporarily suspended and debarred firms	No	No contract has been awarded to any firm by Institute, which is debarred by the World Bank.
	Contract Award Notice (CAN) as per applicable format (Competitive selection, Request for Quotations Direct selection are uploaded on website/ Public domain against of each of the completed procurement (applicable in case of LOA/contract issued)	Yes	No comments
	Any other section/ weakness reviewed on procurement		During audit period some weakness found in procurement section that is already given in audit report Part –D.

### PART - F

# EXECUTIVE SUMMARY AND SUGGESTIONS/RECOMMENDATIONS

#### 1. TDS NOT DEDUCTED

On checking of TDS records we noted that institute has paid amount of Rs.56,640/to Osaka consultancy but TDS was not deducted under section 194J of Income tax at the time of payment by Institute. detail is mentioned below:

Date of Deducted	Particulars	Amount	TDS Should be deducted @ 10%	Observation
28.03.2022	Amount Paid to Osaka consultancy for professional charges.	56,640/-	5,664/-	TDS was not deducted by Institute at the time of payment.

# 2. CHECKING OF PROCUREMENT PROCEDURE

During audit we noted that in one case Institute has not followed the proper procurement procedure for purchase. Detail of this procurement is given below:

Date	Particulars	Amount (Rs)	Observations
28.07.2021	Balasa Electrical General supplier	41,453/-	Amount paid to Balasa Electrical General supplier for purchase of Tool Kit and Ceiling fan etc.  1. Dates were not mentioned on Quotations.  2. Quotations were not stamped from venders.



# SKILLS STRENGTHENING FOR INDUSTRIAL VALUE ENHANCEMENT (STRIVE) (WORLD BANK FUNDED PROJECT)

# GOVT. MODEL INDUSTRIAL TRAINING INSTITUTE - NALAGARH

# INTERNAL AUDIT REPORT FOR THE PERIOD FROM 01.04.2021 TO 31.03.2022

# <u>PART - A</u> <u>BRIEF DETAIL OF THE AUDITEE AND AUDIT</u>

a. Name and address of the Auditee

: Govt. Model Industrial Training

Institute - Nalagarh

b. Name of Auditors

: Agarwal A Kumar & Associates

c. Days of Audit

: 2

d. Period covered in the previous audit

: October 01, 2020 to March 31,2021

e. Period covered in the current audit

: April 01, 2021 to March 31, 2022

#### PART - B

### **EXECUTIVE SUMMARY**

### (a) Objective of Audit

We have conducted the Internal Audit of Govt. Model Industrial Training Institute Nalagarh for the period from April 01, 2021 to March 31, 2022. We have carried out the audit in accordance with the standards on auditing promulgated by the Institute of Chartered Accountants of India and in accordance with the TOR as issued by the funding Agency International Development Association. It is the responsibility of the management to maintain the PFMS / PMIS as prescribe by the funding agency in cash system of accounting, fair and proper documentation, generation books and records, and the various Interim financial reports and annual statements, and to implement a proper internal control system commensurate with the size of the organization.

Our responsibility is to verify the books and accounts commensurate with the standard procedures and guidelines followed by the Project for the different level and to see that there is proper documentation and internal control in existence during the period of audit and to report the deficiencies, if any, existing in the operation of the Project.



### (b) Methodology of Audit

The Audit was conducted on the basis of the finalized Audit Program. After distribution of the audit work and responsibilities, the concerned staff performed their job and directly reported to Team Manager on daily basis. Internal Audit program was mainly focused on following areas:

- An assessment of whether the Project Financial Statements have been prepared in accordance with consistently applied Accounting Standards of the Institute of Chartered Accountants of India and gives a true and fair view of the operations of the Project during the year and the financial position of the Project at the close of the fiscal year.
- 2 An assessment of the adequacy of the Project financial management systems including internal controls. The financial management system should include methods and records established to identify, assemble, analyze, classify, record and report on transactions and to maintain accountability for the related assets and liabilities.
- 3 That all project funds have been used in accordance with the conditions of the relevant financing agreement, with due attention to transparency, economy and efficiency and only for the purposes for which the financing was provided.
- 4 All necessary supporting documents, records and books/ statements of accounts have been maintained and all necessary supporting documents such as records, vouchers, bids etc. and books of accounts have been kept in respect of all project expenditures.
- 5 Identify the expenditure which are covered in accordance with the allocation described in "Operational Manual" under section 4 "Fiduciary Systems" para 4.1 " Financial Management" under sub para 4.2.3 "Eligible and Ineligible Procurement Expenditure" as eligible and segregate these from non-eligible items.
- 6 Clear linkages exist between the books of accounts maintained for the expenditures and reports presented for the expenditure incurred.
- 7 That test check and verification of the activities were conducted for the project as planned and that they were in line with the agreed loan agreement.
- 8 Verify the eligibility of expenditures for SoE disbursement and separately report upon ineligible expenditure claimed if any.

### (c) Status of implementation of the Public Financial Management System

During audit we noted that "Public Financial Management System" has been implemented during period from April 01, 2021 to March 31, 2022.

### (d) Status of Compliance of previous audit report

During audit we noted that the compliance of the observations of previous internal audit report have not been done.

### (e) Key areas of weakness

During audit we noted that there were some key areas of weakness regarding procedural lapse for the period from April 01, 2021 to March 31, 2022, Details are given in part D.

#### PART-C

### COMPLIANCE OF PREVIOUS AUDIT REPORT

During audit we noted that the compliance of the observations of previous internal audit report have not been done.

### 1. NON LEVY OF LIQUIDATED DAMAGES

On checking of procurement we found that expenditure incurred for purchase of Machinery & Equipments but supply was late provided by vendor or suppliers and No L.D. was deducted on payment of Vender & Supplier by Institute but As per Term & condition of contract liquidate damage should be charged for any delay in supply of goods and material. Liquidated Damages are charged at 0.5% of contract price per week after the stipulated date of delivery, subject to a maximum limit of 10% of contract price. Details are mentioned below:

No.	Particulars	Date of Delivery as per Contract	Amount	Actual Date of Delivery	Delay
GEMC- 51168772 2145135	Amount Paid to Satluj Dacument company for purchases of Plotter.	16.12.2020	2,49,900/-	20.01.2021	35 Days

# 2. <u>DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL EXPENDITURE INCURRED AS PER CASH BOOK</u>

During audit we noticed that there was difference between expenditure booked in PFMS Software and actual expenditure incurred as per cash book. The detail of PFMS reconciliation are mentioned below:

# PFMS reconciliation statement as on 31.03.2021 - FY - 2020-21)

Sr. No.	Statement of Expenditure	Amount (Rs.)
1	Expenditure booked as per PFMS Statement From (01.04.2020 to 31.03.2021)	2860380.00
2	Actual Expenditure incurred as per cash book from (01.04.2020 to 31.03.2021)	2790130.72
	Difference	70249.28

# 3. LABOUR CESS NOT DEDUCTED IN PAYMENT OF CONTRACTOR

While checking of civil work payment we observed that in one case Institute has made Payment to contractor without deducted labour cess in contractor bill. The detail of this case is mentioned below:

Date	Name of Contractor	Amount	Labour cess should be deducted @ 1%	Observation
16.11.2020	Shri Deepak Singh Govt. contractor	1,13,966/-	1,140/-	Payment made to Shri Deepak Singh Govt. contractor for civil work but Labour cess was not deducted in the payment of contractor bill by Institute.

#### RECOMMENDATION

We recommend that proper follow up should be done by respective institute at the time payment of civil work contractor and labor cess should be deducted as per The Building and Other Construction Workers Welfare Cess Act, 1996 if there were payment already made by Institute itself then necessary action should be taken.

### 5. NO IDENTIFICATION MARK SHOWN ON THE FIXED ASSETS

We checked the Fixed Assets Register and found that consumable and non consumable items were shown in same register. There is no segregation of items. Further we have checked the Physically fixed assets and noted that there were no identification of mark shown on the Fixed Assets.

#### Recommendation

We recommend that As per "Operational Manual" under section 4" para 4.1.3.4 "page no. 320 Each asset must be physically marked with a number, where in such number must be recorded along with the Asset Location in the Asset Register.

#### PART - D

### SERIOUS OBSERVATIONS

During audit we found that there were some serious observations such as laps in internal control, system weakness etc. in following manner:

#### 1. TDS NOT DEDUCTED

While checking we observed that in one case Institute has made payment to Niesbud Noida for capacity building programme on entrepreneurship development for principal senior faculty on 23.08.2021 to 27.08.2021 of Rs.94,400/- (23600/- per person) but TDS not deducted on payment.

### 2. NON LEVY OF LIQUIDATED DAMAGES

On checking of procurement we found that expenditure incurred for purchase of Machinery & Equipments but supply was late provided by vendor or suppliers and No L.D. was deducted on payment of Vender & Supplier by Institute but As per Term & condition of contract liquidate damage should be charged for any delay in supply of goods and material. Liquidated Damages are charged at 0.5% of contract price per week after the stipulated date of delivery, subject to a maximum limit of 10% of contract price. Details are mentioned below:

Contract No.	Particulars	Date of Delivery as per Contract	Amount	Actual Date of Delivery	Delay
GEMC- 51168773 9554433	Payment made to Varpar International Pvt. Ltd for Procurement of Steel Desk Under Strive	26.04.2021	158592.00	09.05.2021	13 Days

# 3. NO IDENTIFICATION MARK SHOWN ON THE FIXED ASSETS

We checked the Fixed Assets Register and found that consumable and non consumable items were shown in same register. There is no segregation of items. Further we have checked the Physically fixed assets and noted that there were no identification of mark shown on the Fixed Assets.

### Recommendation

We recommend that As per "Operational Manual" under section 4" para 4.1.3.4 "page no. 320 Each asset must be physically marked with a number, where in such number must be recorded along with the Asset Location in the Asset Register.

# 4, EXPENDITURE EXCEEDED AGAINST SANCTION BUDGET

While checking of Books of accounts we observed that unit has incurred the expenditure exceeded the sanction budget amount, details are mentioned below:

Contract No.	Particulars	Budget Amount	Award Amount	Remarks
GEMC- 51168772 0367296	Purchase of Truck Diesel Engine CRDI four stroke Six Cylinders	223000.00	349955.00	Expenditure exceeded the sanction budget Amount
	Max Resolution print , high diensty print head technology	220000.00	249900.00	

# 5. <u>DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL EXPENDITURE INCURRED AS PER CASH BOOK</u>

During audit we noticed that there was difference between expenditure booked in PFMS Software and actual expenditure incurred as per cash book. The detail of PFMS reconciliation are mentioned below:

## PFMS reconciliation statement as on 31.03.2022 - FY - 2021-22)

Sr.No.	Statement of Expenditure	Amount (Rs.)
1	Expenditure booked as per PFMS Statement From (01.04.2021 to 31.03.2022)	2901180.00
	Current Year (2022-2023) expenditure booked	490000.00
	Balance	2411180.00
2	Actual Expenditure incurred as per cash book from (01.04.2021 to 31.03.2022)	2409815.00
	Difference	1365.00

#### PART - E

#### **OTHER OBSERVATIONS**

#### 1. . CHECKING OF OTHER PROCUREMENT SECTION

Sr. No.	Particulars	Compliance from auditors Yes/ No	Comment of auditor
1	Goods and services financed have been procured in accordance with the relevant financing agreement and procurement norms as laid out in the operations manual.	Yes	No comments
2	Procurement processes being followed at the it is and State Societies are as per procurement Guidelines under STRIVE project as per Para 4.2 of the OM	Yes	No comments
3	Any Procurement related complaints received and time taken in disposal of each such complaints and verifying that no contracts excluded from the program have been awarded.	No	There was no procurement related complaints are reflected on website
4	Publication of Annual/ Quarterly procurement plan on Institute / SPIU website.	Yes	Institute procurement plan is uploaded on the web site www.himachaliti.org/nalag arhiti for the financial year 2021-22.

5	Selected Contractor/ Supplier/Service provider/ Consultant on World Banks list of temporarily suspended and debarred firms	No	No contract has been awarded to any firm by Institute, which is debarred by the World Bank.
6	Contract Award Notice (CAN) as per applicable format (Competitive selection, Request for Quotations Direct selection are uploaded on website/ Public domain against of each of the completed procurement (applicable in case of LOA/contract issued)	Yes	No comments
7	Any other section/ weakness reviewed on procurement	Yes	During audit period some weakness found in procurement section that is already given in audit report Part –D.

#### PART - F

#### EXECUTIVE SUMMARY AND SUGGESTIONS/RECOMMENDATIONS

#### 1. TDS NOT DEDUCTED

While checking we observed that in one case Institute has made payment to Niesbud Noida for capacity building programme on entrepreneurship development for principal senior faculty on 23.08.2021 to 27.08.2021 of Rs.94,400/- (23600/- per person) but TDS not deducted on payment.

#### 2. NON LEVY OF LIQUIDATED DAMAGES

On checking of procurement we found that expenditure incurred for purchase of Machinery & Equipments but supply was late provided by vendor or suppliers and No L.D. was deducted on payment of Vender & Supplier by Institute but, As per Term & condition of contract liquidate damage should be charged for any delay in supply of goods and material. Liquidated Damages are charged at 0.5% of contract price per week after the stipulated date of delivery, subject to a maximum limit of 10% of contract price. Details are mentioned below:

Contract No.	Particulars	Date of Delivery as per Contract	Amount	Actual Date of Delivery	Delay
GEMC- 51168773 9554433	Payment made to Varpar International Pvt. Ltd for Procurement of Steel Desk Under Strive	26.04.2021	158592.00	09.05.2021	13 Days

# 3. NO IDENTIFICATION MARK SHOWN ON THE FIXED ASSETS

We checked the Fixed Assets Register and found that consumable and non consumable items were shown in same register. There is no segregation of items. Further we have checked the Physically fixed assets and noted that there were no identification of mark shown on the Fixed Assets.

#### Recommendation

We recommend that As per "Operational Manual" under section 4" para 4.1.3.4 "page no. 320 Each asset must be physically marked with a number, where in such number must be recorded along with the Asset Location in the Asset Register.

#### 4. EXPENDITURE EXCEEDED AGAINST SANCTIONED BUDGET

While checking of Books of accounts we observed that unit has incurred the expenditure exceeded the sanctioned budget amount, details are mentioned below:

Contract No.	Particulars	Budget Amount	Award Amount	Remarks
GEMC- 51168772 0367296	Purchase of Truck Diesel Engine CRDI four stroke Six Cylinders	223000.00	349955.00	Expenditure exceeded the sanctioned budget Amount
	Max Resolution print , high diensty print head technology	220000.00	249900.00	

# 5. <u>DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL EXPENDITURE INCURRED AS PER CASH BOOK</u>

During audit we noticed that there was difference between expenditure booked in PFMS Software and actual expenditure incurred as per cash book. The detail of PFMS reconciliation are mentioned below:

# PFMS reconciliation statement as on 31.03.2022 - FY - 2021-22)

Sr.No.	Statement of Expenditure	Amount (Rs.)
1	Expenditure booked as per PFMS Statement From (01.04.2021 to 31.03.2022)	2901180.00
	Current Year (2022-2023) expenditure booked	490000.00
	Balance	2411180.00
2	Actual Expenditure incurred as per cash book from (01.04.2021 to 31.03.2022)	2409815.00
	Difference	1365.00



# SKILLS STRENGTHENING FOR INDUSTRIAL VALUE ENHANCEMENT (STRIVE) (WORLD BANK FUNDED PROJECT)

# GOVT. INDUSTRIAL TRAINING INSTITUTE - PALAMPUR

# INTERNAL AUDIT REPORT FOR THE PERIOD FROM 01.04.2021 TO 31.03.2022

# PART - A BRIEF DETAIL OF THE AUDITEE AND AUDIT

a. Name and address of the Auditee

: Govt. Industrial Training Institute

Palampur

b. Name of Auditors

: Agarwal A Kumar & Associates

c. Days of Audit

: 2

d. Period covered in the previous audit

: October 01, 2020 to March 31, 2021

e. Period covered in the current audit

: April 01, 2021 to March 31, 2022

#### PART - B

#### **EXECUTIVE SUMMARY**

#### (a) Objective of Audit

We have conducted the Internal Audit of Govt. Industrial Training Institute Palampur for the period from April 01, 2021 to March 31, 2022. We have carried out the audit in accordance with the standards on auditing promulgated by the Institute of Chartered Accountants of India and in accordance with the TOR as issued by the funding Agency International Development Association. It is the responsibility of the management to maintain the PFMS / PMIS as prescribe by the funding agency in cash system of accounting, fair and proper documentation, generation books and records, and the various Interim financial reports and annual statements, and to implement a proper internal control system commensurate with the size of the organization.

Our responsibility is to verify the books and accounts commensurate with the standard procedures and guidelines followed by the Project for the different level and to see that there is proper documentation and internal control in existence during the period of audit and to report the deficiencies, if any, existing in the operation of the Project.



#### (b) Methodology of Audit

The Audit was conducted on the basis of the finalized Audit Program. After distribution of the audit work and responsibilities, the concerned staff performed their job and directly reported to Team Manager on daily basis. Internal Audit program was mainly focused on following areas:

- An assessment of whether the Project Financial Statements have been prepared in accordance with consistently applied Accounting Standards of the Institute of Chartered Accountants of India and gives a true and fair view of the operations of the Project during the year and the financial position of the Project at the close of the fiscal year.
- 2 An assessment of the adequacy of the Project financial management systems including internal controls. The financial management system should include methods and records established to identify, assemble, analyze, classify, record and report on transactions and to maintain accountability for the related assets and liabilities.
- 3 That all project funds have been used in accordance with the conditions of the relevant financing agreement, with due attention to transparency, economy and efficiency and only for the purposes for which the financing was provided.
- 4 All necessary supporting documents, records and books/ statements of accounts have been maintained and all necessary supporting documents such as records, vouchers, bids etc. and books of accounts have been kept in respect of all project expenditures.
- Identify the expenditure which are covered in accordance with the allocation described in "Operational Manual" under section 4 "Fiduciary Systems" para 4.1 " Financial Management" under sub para 4.2.3 "Eligible and Ineligible Procurement Expenditure" as eligible and segregate these from non-eligible items.
- 6 Clear linkages exist between the books of accounts maintained for the expenditures and reports presented for the expenditure incurred.
- 7 That test check and verification of the activities were conducted for the project as planned and that they were in line with the agreed loan agreement.
- 8 Verify the eligibility of expenditures for SoE disbursement and separately report upon ineligible expenditure claimed if any.

## (c) Status of implementation of the Public Financial Management System

During audit we noted that "Public Financial Management System" has been implemented during period from April 01, 2021 to March 31, 2022.

## (d) Status of Compliance of previous audit report

During audit we noted that the compliance of the observations of previous internal audit report have not been done.

#### (e) Key areas of weakness

During audit we noted that there were some key areas of weakness regarding procedural lapse for the period from April 01, 2021 to March 31, 2022, Details are given in part D.

#### PART - C

## COMPLIANCE OF PREVIOUS AUDIT REPORT

During audit we noted that the compliance of the observations of previous internal audit report have not been done.

# 1. <u>DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL EXPENDITURE INCURRED AS PER CASH BOOK</u>

During audit we noticed that there was difference between expenditure booked in PFMS Software and actual expenditure incurred as per cash book. The detail of PFMS reconciliation are mentioned below:

# PFMS reconciliation statement as on 31.03.2021 - FY - 2020-21)

Sr. No.	Statement of Expenditure	Amount (Rs.)
1	Expenditure booked as per PFMS Statement From (01.04.2020 to 31.03.2021)	4766925.00
2	Actual Expenditure incurred as per cash book from (01.04.2020 to 31.03.2021)	4374068.00
	Difference	392857.00

#### 2. GST TDS NOT DEDUCTED

During the audit we found that amount was paid for supply of goods or services but GST TDS @ 2% Under Section 51 of GST Act not deducted at the time of payment. Details are given below:

Date	Particulars	Total Amount	Observations
23/11/2020	Rambow Technologies	3,74,000/-	Payment made without deducted of GST TDS.
16/12/2020	Ellora computers	4,57,106/-	Payment made without deducted of GST TDS.
23/01/2021	Wood Square Technologies Pvt Ltd.	2,94,120/-	Payment made without deducted of GST TDS.
23/01/2021	Wood Square Technologies Pvt Ltd.	3,00,000/-	Payment made without deducted of GST TDS.
19/03/2021	Wood Square Technologies Pvt Ltd.	2,78,900/-	Payment made without deducted of GST TDS.

#### 3. NO IDENTIFICATION MARK SHOWN ON THE FIXED ASSETS

We checked the Fixed Assets Register and found that consumable and non consumable items were shown in same register. There is no segregation of items. Further we have checked the Physically fixed assets and noted that there were no identification of mark shown on the Fixed Assets.

#### Recommendation

We recommend that As per "Operational Manual" under section 4" para 4.1.3.4 "page no. 320 Each asset must be physically marked with a number, where in such number must be recorded along with the Asset Location in the Asset Register.

#### PART - D

#### SERIOUS OBSERVATIONS

During audit we found that there were some serious observations such as laps in internal control, system weakness etc. in following manner:

# 1. PROCUREMENT MADE WITHOUT APPROVAL OF COMPETENT

#### **AUTHORITY**

During the audit we found that institute has purchased some item but these items were not approved in procurement plan FY 2021-22 from Chairman of IMC and Institute Management Committee. Details of these procurement are given below:

Date of Payment	Bill / Invoice no	Name of Supplier	Name of Items	Quantity	Total Amount
09.06.2021	21-22/00054	M/S Mars edpal Instruments Pvt. Ltd.	Electronic work Bench	3	495000
29.06.2021	ALF/21- 22/0009	m/s Alfa Electronics & scientific Corporation.	Motor Generator	1	146990
29.06.2021	21-22/00084	M/S Mars edpal Instruments Pvt. Ltd.	Electrician Work Bench	2	330000

<u>Auditors' Comments</u>: Post facto of approval from Chairman of IMC and Institute Management Committee has been obtained now.

#### 2. GST TDS NOT DEDUCTED

During the audit we found that amount was paid for supply of goods or services but GST TDS @ 2% Under Section 51 of GST Act not deducted at the time of payment. Details are given below:

Date	Particulars	Total Amount	Observations
11.06.2021	Mars Edpal Instrument	495000.00	Payment made without deducted of GST TDS.
01.07.2021	M/S Sanjeev Kumar	499000.00	Payment made without
01.07.2021	Govt Contractor	498960.00	deducted of GST TDS.
01.07.2021	Wood Square Technologies Pvt Ltd.	278889.00	Payment made without deducted of GST TDS.
14.07.2021	Mars Edpal Instrument	330000.00	Payment made without deducted of GST TDS.

#### RECOMMENDATIONS

As per institute reply there was delay in applying in GST registration. We recommend that reasons for delay in applying GST registration should be brought to the notice of competent authority and be ratified for proper reply to GST department, in case, any notice received from them in future regarding these lapses.

## 3. CHECKING OF PROCUREMENT PROCEDURE

During audit we noted that in some cases Institute has not followed the proper procurement procedure for purchase. Detail of these procurement are given below:

Date	Particulars	Amount (Rs)	Observations
14.07.2021	OM Computers & Peripherals	87,500/-	Amount paid to OM Computers & Peripherals for purchase of Lenovo Laptop.  1. Dates were not mentioned on Quotations.  2. Quotations were not stamped from venders.
14.07.2021	OM Computers & Peripherals	12,500/-	Amount paid to OM Computers & Peripherals for purchase of All in one printer.  1. Dates were not mentioned on Quotations.  2. Quotations were not stamped from venders.

# 4. <u>DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL EXPENDITURE INCURRED AS PER CASH BOOK</u>

During audit we noticed that there was no difference between expenditure booked in PFMS Software and actual expenditure incurred as per cash book. The detail of PFMS reconciliation are mentioned below:

### PFMS reconciliation statement as on 31.03.2022 - FY - 2021-22)

Sr. No.	Statement of Expenditure	Amount (Rs.)
1	Expenditure booked as per PFMS Statement From (01.04.2021 to 31.03.2022)	3614049.00
2	Actual Expenditure incurred as per cash book from (01.04.2021 to 31.03.2022)	3614403.00
	Difference	354.00

# 5. INSPECTION REPORT OF MACHINERY, EQUIPMENTS AND MATERIAL NOT FOUND

During audit we found that Institute has made some procurement but after supply and Installation of Machinery, Equipments and Material from venders, suppliers there were

no Inspection reports of IMC members found in record during audit. Detail of these procurement are given below:

Date	Name of Supplier	Name of Items	Qty	Amount
30.03.2021	Near Kapila Nursining Home Palampur distt kangra(H.P.)	Providing & Fitting of Roller Blinds	1900/sqft	35340
25.03.2021	M/S Mars edpal Instruments Pvt. Ltd SAHA Ambala Haryana	GME Solar Energy Trainer	01 No	95000
13.05.2021	Varper International PVT Ltd vill. Maisia Tibba PO Majholi Tehsil Nalagarh Distt. Solan	Steel almirah 3 selves	12 No	247800
13.05.2021	Varper International PVT Ltd vill. Maisia Tibba PO Majholi Tehsil Nalagarh Distt. Solan	steel almirah 4 selves	8 No	116000
13.05.2021	Varper International PVT Ltd vill. Maisia Tibba PO Majholi Tehsil Nalagarh Distt. Solan	Steel Almirah 1800mm 4 Selves	06 No	106200
30.05.2021	Varper International PVT Ltd vill. Maisia Tibba PO Majholi Tehsil Nalagarh Distt. Solan	Executive Table	04 No	84960
30.05.2021	Varper International PVT Ltd vill. Maisia Tibba PO Majholi Tehsil Nalagarh Distt. Solan	Executive Table	02 No	30000
09.06.2021	M/S Mars edpal Instruments Pvt. Ltd SAHA Ambala Haryana	Electronic work Bench	3 no	495000
25.06.2021	Sanjeev Kumar Govt. contractor Traders and Suplliers Vill Gasota PO Bohni Tehsil & Distt Hamirpur	Button Hole sewing Machine	01 No	499000
14.06.2021	M/S wood Square Technologies	Interactive Flat Pannel	01 no	278889
21.06.2021	Sanjeev Kumar Govt. contractor Traders and Suplliers Vill Gasota PO Bohni Tehsil & Distt Hamirpur	Single Needle lock Stitch Machione	11 No	498960
29.06.2021	m/s Alfa Electronics & scientific Corp.Timber Market Ambala cant	Motor Generator	01 No	146990

29.06.2021	112 o Triais capai modulients	Synchronous	01 No	82990
	Pvt. Ltd SAHA Ambala	Motor with		32330
	Haryana	accessories		
29.06.2021	M/S Mars edpal Instruments	DC Compound	01 No	119800
	Pvt. Ltd SAHA Ambala	Generator With		
	Haryana	Control Panel		
29.06.2021	M/S Mars edpal Instruments	DE Pedestal	02 No	66400
	Pvt. Ltd SAHA Ambala	Grinding		00100
	Haryana	Machine wwith		
		Wheel Rough		
29.06.2021	M/S Mars edpal Instruments	Electrician Work	02 No	330000
	Pvt. Ltd SAHA Ambala	Bench		
540	Haryana			
14.07.2021	M/S Om computers Peripherals	Latest Laptop	01 no	87500
	Near Santoshi mata Mandir			0.000
	Ghuggar Aima Palampur			
14.07.2021	M/S Om computers Peripherals	All in one Printer	01 no	12500
	Near Santoshi mata Mandir			12300
	Ghuggar Aima Palampur	(+		
30.07.2021	M/S The sourse Near State bank	Led Smart Tv	02 No	77998
	Of Patiala main Bazar Palampur	7.	3.5.15	11330
	Distt. Kangra	9	1 8	
26.08.2021	Varper International PVT Ltd	Office Visitor	07 no	69650
	vill. Maisia Tibba PO Majholi	Chair		3,000
	Tehsil Nalagarh Distt. Solan			

<u>Auditors' Comments</u>: Inspection report of above items has now been made available and will be checked in next visit by audit team.

# 6. NON LEVY OF LIQUIDATED DAMAGES

On checking of procurement we found that expenditure incurred for purchase of Machinery & Equipments but supply was late provided by vendor or suppliers and No L.D. was deducted on payment of Vender & Supplier by Institute but As per Term & condition of contract liquidate damage should be charged for any delay in supply of goods and material. Liquidated Damages are charged at 0.5% of contract price per week after the stipulated date of delivery, subject to a maximum limit of 10% of contract price. Details are mentioned below:

Date of Payment	Name of Supplier	Amount	Method of purchase	Date of Supply as per agreement	Actual Delivery	No. of delay
25.03.2021	M/S Mars edpal Instruments Pvt. Ltd.	95000	GEM	19.02.2021	25.03.2021	34days
23.03.2021	M/S wood Square Technologies	29675	GEM	06.03.2021	23.03.2021	17days
09.06.2021	M/S Mars edpal Instruments Pvt. Ltd.	495000	GEM	20.05.2021	09.06.2021	19days
26.08.2021	Varper International PVT Ltd.	69650	GEM	01.06.2021	26.08.2021	86days

# 7. <u>VARIATION BETWEEN COST ESTIMATE (BUDGETARY) AND AWARDED</u>

#### **PRICE**

While checking of procurement plan we found that in some of the cases there are variations exceeding 30% in budgetary cost estimates and final amount of awarded contracts. Details of these cases, are as follows:

Date of Payment	Name of Supplier	Name of Item	Award Amount	Estimate cost	Variation %
13.05.2021	Varper International PVT Ltd.	Steel almirah 3 selves	247800	180000	38%
29.06.2021	M/S Mars edpal Instruments Pvt Ltd.	DC Compound Generator With Control Panel	119800	300000	60%

#### PART - E

#### OTHER OBSERVATIONS

#### 1. STATUS OF UTILISATION OF FUND

During audit we found that fund received and utilized during audit period as below:

Opening Balance as on 01.04.2021

3625932.00

Fund received during the period from 01.04.2021 to 31.03.2022 0.00

Expenditure incurred during the period (01.04.2021 to 31.03.2022) 3614403.00

Unspent Balance transferred to H.O. Sundernagar on 08.09.2021 11529.00

Balance as per bank pass book as on 31.03.2022 0.00

# 2. CHECKING OF PROCUREMENT SECTION

Sr. No.	Particulars	Compliance from auditors Yes/ No	Comment of auditor
1	Goods and services financed have been procured in accordance with the relevant financing agreement and procurement norms as laid out in the operations manual.	Yes	No comments
2	Procurement processes being followed at the it is and State Societies are as per procurement Guidelines under STRIVE project as per Para 4.2 of the OM	Yes	No comments
3	Any Procurement related complaints received and time taken in disposal of each such complaints and verifying that no contracts excluded from the program have been awarded.	No	There was no procurement related complaints are reflected on website
4	Publication of Annual/ Quarterly procurement plan on Institute / SPIU website.	Yes	Institute procurement plan is uploaded on the web site www.palampurit.org for the financial year 2021-22.
5	Selected Contractor/ Supplier/Service provider/ Consultant on World Banks list of temporarily suspended and debarred firms	No	No contract has been awarded to any firm by Institute, which is debarred by the World Bank.
	Contract Award Notice (CAN) as per applicable format (Competitive selection, Request for Quotations Direct selection are uploaded on website/ Public domain against of each of the completed procurement (applicable in case of LOA/contract issued)	Yes	No comments

7	Any other section/ weakness reviewed on procurement	Yes	During audit period some weakness found
			in procurement section that is already given in audit report
		(4)	Part –D.

#### PART - F

#### **EXECUTIVE SUMMARY**

# 1. PROCUREMENT MADE WITHOUT APPROVAL OF COMPETENT AUTHORITY

During the audit we found that institute has some item purchases but these items were not approved in procurement plan FY 2021-22 from Chairman of IMC and Institute Management Committee. Details of these procurement are given below:

Date of Payment	Bill / Invoice no	Name of Supplier	Name of Items	Quantity	Total Amount
09.06.2021	21-22/00054	M/S Mars edpal Instruments Pvt. Ltd.	Electronic work Bench	3	495000
29.06.2021	ALF/21- 22/0009	m/s Alfa Electronics & scientific Corporation.	Motor Generator	1	146990
29.06.2021	21-22/00084	M/S Mars edpal Instruments Pvt. Ltd.	Electrician Work Bench	2	330000

<u>Auditors' Comments</u>: Post facto of approval from Chairman of IMC and Institute Management Committee has been obtained now.

#### 2. GST TDS NOT DEDUCTED

During the audit we found that amount was paid for supply of goods or services but GST TDS @ 2% Under Section 51 of GST Act not deducted at the time of payment. Details are given below:

Date	Particulars	Total Amount	Observations
11.06.2021	Mars Edpal Instrument	495000.00	Payment made without deducted of GST TDS.
01.07.2021 01.07.2021	M/S Sanjeev Kumar Govt Contractor	499000.00 498960.00	Payment made without deducted of GST TDS.
01.07.2021	Wood Square Technologies Pvt Ltd.	278889.00	Payment made without deducted of GST TDS.
14.07.2021	Mars Edpal Instrument	330000.00	Payment made without deducted of GST TDS.

#### RECOMMENDATIONS

As per institute reply there was delay in applying in GST registration. We recommend that reasons for delay in applying GST registration should be brought to the notice of competent authority and be ratified for proper reply to GST department, in case, any notice received from them in future regarding these lapses.

#### 3. CHECKING OF PROCUREMENT PROCEDURE

During audit we noted that in some cases Institute has not followed the proper procurement procedure for purchase. Detail of these procurement are given below:

Date	Particulars	Amount (Rs)	Observations
14.07.2021	OM Computers & Peripherals	87,500/-	Amount paid to OM Computers & Peripherals for purchase of Lenovo Laptop.  1. Dates were not mentioned on Quotations.
	a .		2. Quotations were not stamped from venders.
14.07.2021	OM Computers & Peripherals	12,500/-	Amount paid to OM Computers & Peripherals for purchase of All in one printer.
	-		1. Dates were not mentioned on Quotations.
			2. Quotations were not stamped from venders.

# 4. <u>DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL EXPENDITURE INCURRED AS PER CASH BOOK</u>

During audit we noticed that there was no difference between expenditure booked in PFMS Software and actual expenditure incurred as per cash book. The detail of PFMS reconciliation are mentioned below:

## PFMS reconciliation statement as on 31.03.2022 - FY - 2021-22)

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2	Actual Expenditure incurred as per cash book from (01.04.2021 to 31.03.2022)	3614403.00
	Difference	354.00

# 5. INSPECTION REPORT OF MACHINERY, EQUIPMENTS AND MATERIAL NOT FOUND

During audit we found that Institute has made some procurement but after supply and Installation of Machinery, Equipments and Material from venders, suppliers there were no Inspection reports of IMC members found in record during audit. Detail of these Procurement are given below:

Date	Name of Supplier	Name of Items	Qty	Amount
30.03.2021	M/S Interior Paradise NH 20 Near	Providing &	1900/sqft	35340
	Kapila Nursining Home Palampur	Fitting of	•	
	distt kangra(H.P.)	Roller Blinds		
25.03.2021	M/S Mars edpal Instruments Pvt.	GME Solar	01 No	95000
	Ltd SAHA Ambala Haryana	Energy Trainer		
13.05.2021	Varper International PVT Ltd vill.	Steel almirah 3	12 No	247800
8 10	Maisia Tibba PO Majholi Tehsil	selves		
	Nalagarh Distt. Solan			
13.05.2021	Varper International PVT Ltd vill.	steel almirah 4	8 No	116000
	Maisia Tibba PO Majholi Tehsil	selves	SECOND SEE	
	Nalagarh Distt. Solan			
13.05.2021	Varper International PVT Ltd vill.	Steel Almirah	06 No	106200
	Maisia Tibba PO Majholi Tehsil	1800mm 4		
	Nalagarh Distt. Solan	Selves		
30.05.2021	Varper International PVT Ltd vill.	Executive	04 No	84960
	Maisia Tibba PO Majholi Tehsil	Table	Service Services and Services	*
	Nalagarh Distt. Solan			

30.05.2021	Varper International PVT Ltd vill. Maisia Tibba PO Majholi Tehsil	Executive Table	02 No	30000
	Nalagarh Distt. Solan			
09.06.2021	M/S Mars edpal Instruments Pvt. Ltd SAHA Ambala Haryana	Electronic work Bench	3 no	495000
25.06.2021	Sanjeev Kumar Govt. contractor Traders and Suplliers Vill Gasota PO Bohni Tehsil & Distt Hamirpur	Button Hole sewing Machine	01 No	499000
14.06.2021	M/S wood Square Technologies	Interactive Flat Pannel	01 no	278889
21.06.2021	Sanjeev Kumar Govt. contractor Traders and Suplliers Vill Gasota PO Bohni Tehsil & Distt Hamirpur	Single Needle lock Stitch Machione	11 No	498960
29.06.2021	m/s Alfa Electronics & scientific Corp.Timber Market Ambala cant	Motor Generator	01 No	146990
29.06.2021	M/S Mars edpal Instruments Pvt. Ltd SAHA Ambala Haryana	Synchronous Motor with accessories	01 No	82990
29.06.2021	M/S Mars edpal Instruments Pvt. Ltd SAHA Ambala Haryana	DC Compound Generator With Control Panel	01 No	119800
29.06.2021	M/S Mars edpal Instruments Pvt. Ltd SAHA Ambala Haryana	DE Pedestal Grinding Machine wwith Wheel Rough	02 No	66400
29.06.2021	M/S Mars edpal Instruments Pvt. Ltd SAHA Ambala Haryana	Electrician Work Bench	02 No	330000
14.07.2021	M/S Om computers Peripherals Near Santoshi mata Mandir Ghuggar Aima Palampur	Latest Laptop	01 no	87500
14.07.2021	M/S Om computers Peripherals Near Santoshi mata Mandir Ghuggar Aima Palampur	All in one Printer	01 no	12500
30.07.2021	M/S The sourse Near State bank Of Patiala main Bazar Palampur Distt. Kangra	Led Smart Tv	02 No	77998
26.08.2021	Varper International PVT Ltd vill. Maisia Tibba PO Majholi Tehsil Nalagarh Distt. Solan	Office Visitor Chair	07 no	69650

<u>Auditors' Comments</u>: Inspection report of above items has now been made available and will be checked in next visit by audit team.

# 6. NON LEVY OF LIQUIDATED DAMAGES

On checking of procurement we found that expenditure incurred for purchase of Machinery & Equipments but supply was late provided by vendor or suppliers and No L.D. was deducted on payment of Vender & Supplier by Institute but As per Term & condition of contract liquidate damage should be charged for any delay in supply of goods and material. Liquidated Damages are charged at 0.5% of contract price per week after the stipulated date of delivery, subject to a maximum limit of 10% of contract price. Details are mentioned below:

Date of Payment	Name of Supplier	Amount	Method of purchase	Date of Supply as per agreement	Actual Delivery	No. of delay
25.03.2021	M/S Mars edpal Instrument s Pvt. Ltd.	95000	GEM	19.02.2021	25.03.2021	34days
23.03.2021	M/S wood Square Technolog ies	29675	GEM	06.03.2021	23.03.2021	17days
09.06.2021	M/S Mars edpal Instrument s Pvt. Ltd.	495000	GEM	20.05.2021	09.06.2021	19days
26.08.2021	Varper Internatio nal PVT Ltd.	69650	GEM	01.06.2021	26.08.2021	86days

# 7. <u>VARIATION BETWEEN COST ESTIMATE (BUDGETARY) AND AWARDED</u> PRICE

While checking of procurement plan we found that in some of the cases there are variations exceeding 30% in budgetary cost estimates and final amount of awarded contracts. Details of these cases, are as follows:

Date of Payment	Name of Supplier	Name of Item	Award Amount	Estimate cost	Variation %
13.05.2021	Varper International PVT Ltd.	Steel almirah 3 selves	247800	180000	38%
29.06.2021	M/S Mars edpal Instruments Pvt Ltd.	DC Compound Generator With Control Panel	119800	300000	60%



### SKILLS STRENGTHENING FOR INDUSTRIAL VALUE ENHANCEMENT (STRIVE)

#### (WORLD BANK FUNDED PROJECT)

#### GOVT. INDUSTRIAL TRAINING INSTITUTE - PAONTA SAHIB

#### INTERNAL AUDIT REPORT FOR THE PERIOD FROM 01.04.2021 TO 31.03.2022

#### PART - A BRIEF DETAIL OF THE AUDITEE AND AUDIT

a. Name and address of the Auditee

: Govt. Industrial Training Institute

Paonta Sahib

b. Name of Auditors

: Agarwal A Kumar & Associates

c. Days of Audit

: 2

d. Period covered in the previous audit

: October 01, 2020 to March 31, 2021

e. Period covered in the current audit

: April 01, 2021 to March 31, 2022

#### PART - B

#### EXECUTIVE SUMMARY

#### (a) Objective of Audit

We have conducted the Internal Audit of Govt. Industrial Training Institute Paonta Sahib for the period from April 01, 2021 to March 31, 2022. We have carried out the audit in accordance with the standards on auditing promulgated by the Institute of Chartered Accountants of India and in accordance with the TOR as issued by the funding Agency International Development Association. It is the responsibility of the management to maintain the PFMS / PMIS as prescribe by the funding agency in cash system of accounting, fair and proper documentation, generation books and records, and the various Interim financial reports and annual statements, and to implement a proper internal control system commensurate with the size of the organization.

Our responsibility is to verify the books and accounts commensurate with the standard procedures and guidelines followed by the Project for the different level and to see that there is proper documentation and internal control in existence during the period of audit and to report the deficiencies, if any, existing in the operation of the Project.



#### (b) Methodology of Audit

The Audit was conducted on the basis of the finalized Audit Program. After distribution of the audit work and responsibilities, the concerned staff performed their job and directly reported to Team Manager on daily basis. Internal Audit program was mainly focused on following areas:

- An assessment of whether the Project Financial Statements have been prepared in accordance with consistently applied Accounting Standards of the Institute of Chartered Accountants of India and gives a true and fair view of the operations of the Project during the year and the financial position of the Project at the close of the financial year.
- 2 An assessment of the adequacy of the Project financial management systems including internal controls. The financial management system should include methods and records established to identify, assemble, analyze, classify, record and report on transactions and to maintain accountability for the related assets and liabilities.
- 3 That all project funds have been used in accordance with the conditions of the relevant financing agreement, with due attention to transparency, economy and efficiency and only for the purposes for which the financing was provided.
- 4 All necessary supporting documents, records and books/ statements of accounts have been maintained and all necessary supporting documents such as records, vouchers, bids etc. and books of accounts have been kept in respect of all project expenditures.
- 5 Identify the expenditure which are covered in accordance with the allocation described in "Operational Manual" under section 4 "Fiduciary Systems" para 4.1 " Financial Management" under sub para 4.2.3 "Eligible and Ineligible Procurement Expenditure" as eligible and segregate these from non-eligible items.
- 6 Clear linkages exist between the books of accounts maintained for the expenditures and reports presented for the expenditure incurred.
- 7 That test check and verification of the activities were conducted for the project as planned and that they were in line with the agreed loan agreement.
- 8 Verify the eligibility of expenditures for SoE disbursement and separately report upon ineligible expenditure claimed if any.

## (c) Status of implementation of the Public Financial Management System

During audit we noted that "Public Financial Management System" has been implemented during period from April 01, 2021 to March 31, 2022.

#### (d) Status of Compliance of previous audit report

During audit we noted that the compliance of the observations of previous internal audit report have not been done.

#### (e) Key areas of weakness

During audit we noted that there were some key areas of weakness regarding procedural Lapse for the period from April 01, 2021 to March 31, 2022, Details are given in part D.

#### PART - C

#### COMPLIANCE OF PREVIOUS AUDIT REPORT

During audit we noted that the compliance of the observations of previous internal audit report have not been done.

# 1. <u>DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL EXPENDITURE INCURRED AS PER CASH BOOK</u>

During audit we noticed that there was difference between expenditure booked in PFMS Software and actual expenditure incurred as per cash book. The detail of PFMS reconciliation are mentioned below:

#### PFMS reconciliation statement as on 31.03.2021 - FY - 2020-21)

Sr. No.	Statement of Expenditure	Amount (Rs.)
1	Expenditure booked as per PFMS Statement From (01.04.2020 to 31.03.2021)	3610885.00
2	Actual Expenditure incurred as per cash book from (01.04.2020 to 31.03.2021)	3598300.78
	Difference	12584.22

Auditors' Comments: Compliance has bee made now

### 2. NO IDENTIFICATION MARK WAS SHOWN ON THE FIXED ASSETS

We checked the Fixed Assets Register and found that consumable and non Consumable items were shown in same register. There is no segregation of items. Further we have checked the physically fixed assets and noted that there were no identification of mark shown on the Fixed Assets.

#### Recommendation

We recommend that As per "Operational Manual" under section 4" para 4.1.3.4 "page no. 320 Each asset must be physically marked with a number, where in such number must be recorded along with the Asset Location in the Asset Register.

#### PART - D

#### SERIOUS OBSERVATIONS

During audit we found that there were some serious observations such as laps in internal control, system weakness etc. in following manner:

# 1. <u>DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE</u> <u>ANDACTUAL EXPENDITURE INCURRED AS PER CASH BOOK</u>

During audit we noticed that there was difference between expenditure booked in PFMS Software and actual expenditure incurred as per cash book. The detail of PFMS Reconciliation are mentioned below:

#### PFMS reconciliation statement as on 31.03.2022 - FY - 2021-22)

Sr. No.	Statement of Expenditure	Amount (Rs.)
1	Expenditure booked as per PFMS Statement From (01.04.2021 to 31.03.2022)	3362115.00
2	Actual Expenditure incurred as per cash book from (01.04.2021 to 31.03.2022)	2943939.22
	Difference	418175.78

#### 2. GST TDS NOT DEDUCTED

During the audit we found that amount was paid for supply of goods or services but GST TDS @ 2% Under Section 51 of GST Act not deducted at the time of payment. Details are given below:

Date	Particulars	Total Amount	Observations
14.07.2021	HMT Machine Tool Ltd. For purchases of Lathe machine.	14,35,000/-	Payment made without deducted of GST TDS.

# 3. CHECKING OF PROCUREMENT PROCEDURE

During audit we noted that in some cases Institute has not followed the proper procurement procedure for purchase. Detail of these procurement are given below:

Date	Particulars	Amount (Rs)	Observations
10.07.2021	M/s Hans Electronics	1,10,000/-	Amount paid to M/s Hans Electronics for purchases of AC.  1. Comparative statement was not prepared.
10.07.2021	Unique Industries	94,034/-	Amount paid to Unique Industries for purchase of Ups.  1. Quotations were not stamped from venders.

# 4. NON LEVY OF LIQUIDATED DAMAGES

On checking of procurement we found that expenditure incurred for purchase of Machinery & Equipments but supply was late provided by vendor or supplier and No L.D. was deducted on payment of Vender & Supplier by Institute but As per Term & condition of contract liquidate damage should be charged for any delay in supply of goods and material. Liquidated Damages are charged at 0.5% of contract price per week after the stipulated date of delivery, subject to a maximum limit of 10% of contract price. Details are mentioned below:

Date of Payment	Name of Supplier	Amount	Method of purchase	Date of Supply as per agreement	Actual Delivery	No. of delay
14.07.2021	HMT Machine Tool Ltd. For purchases of Lathe machine.	1435000	GEM	07.08.2021	13.09.2021	36days

### 5. DELAY IN DEPOSIT OF GST TDS

During the audit we found that Institute has deducted GST TDS @ 2% Under Section 51 of GST Act from vender and supplier but amount was late deposited into respective

department by Institute. Detail is given below:

Name of Firm/ Vender	Date of payment	Amount of deducted GST TDS @ 2 %	Due date	Actual date of deposit	Observation
M/S Print mall for purchases of Laptop, printers & Scanners	14.07.2021	7203.00	10.08.2021	30.09.2021	GST TDS was late deposited by Institute

Auditors' Comments: Compliance has bee made now

#### PART - E

#### OTHER OBSERVATIONS

#### 1. STATUS OF UTILISATION OF FUND

During audit we found that fund received and utilized during audit period as below:

Opening Balance as on 01.04.2021 2601699.00

Fund received during the period from (01.04.2021 to 31.03.2022) 342240.00

Total Fund 2943939.00

Expenditure incurred during the period (01.04.2021 to 31.03.2022) 2943939.00

Balance as per bank as on 31.03.2022 0.00

# 2. CHECKING OF OTHER PROCUREMENT SECTION

Sr. No.	Particulars	Compliance from auditors Yes/ No	Comment of auditor
1	Goods and services financed have been procured in accordance with the relevant financing agreement and procurement norms as laid out in the operations manual.	Yes	No comments
2	Procurement processes being followed at the it is and State Societies are as per procurement Guidelines under STRIVE project as per Para 4.2 of the OM	Yes	No comments
3	Any Procurement related complaints received and time taken in disposal of each	No	There was no procurement related

	such complaints and verifying that no contracts excluded from the program have been awarded.		complaints are reflected on website
4	Publication of Annual/ Quarterly procurement plan on Institute / SPIU website.	Yes	Institute procurement plan is uploaded on the web site www.himachaliti.org/paontasahib/admin for the financial year 2021-22.
5	Selected Contractor/ Supplier/Service provider/ Consultant on World Banks list of temporarily suspended and debarred firms	No	No contract has been awarded to any firm by Institute, which is debarred by the World Bank.
	Contract Award Notice (CAN) as per applicable format (Competitive selection, Request for Quotations Direct selection are uploaded on website/ Public domain against of each of the completed procurement (applicable in case of LOA/contract issued)	Yes	No comments
7	Any other section/ weakness reviewed on procurement	Yes	During audit period some weakness found in procurement section that is already given in
	- 6	5	audit report Part –D.

#### PART - F

# EXECUTIVE SUMMARY AND SUGGESTIONS/RECOMMENDATIONS

# 1. <u>DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE</u> <u>ANDACTUAL EXPENDITURE INCURRED AS PER CASH BOOK</u>

During audit we noticed that there was difference between expenditure booked in PFMS Software and actual expenditure incurred as per cash book. The detail of PFMS Reconciliation are mentioned below:

# PFMS reconciliation statement as on 31.03.2022 - FY - 2021-22)

Sr. No.	Statement of Expenditure	Amount (Rs.)
1	Expenditure booked as per PFMS Statement From (01.04.2021 to 31.03.2022)	3362115.00
2	Actual Expenditure incurred as per cash book from (01.04.2021 to 31.03.2022)	2943939.22
	Difference	418175.78

#### 2. GST TDS NOT DEDUCTED

During the audit we found that amount was paid for supply of goods or services but GST TDS @ 2% Under Section 51 of GST Act not deducted at the time of payment. Details are given below:

Date	Particulars	Total Amount	Observations
14.07.2021	HMT Machine Tool Ltd. For purchases of Lathe machine.	14,35,000/-	Payment made without deducted of GST TDS.

#### 3. CHECKING OF PROCUREMENT PROCEDURE

During audit we noted that in some cases Institute has not followed the proper procurement procedure for purchase. Detail of these procurement are given below:

Date	Particulars	Amount (Rs)	Observations
10.07.2021	M/s Hans Electronics	1,10,000/-	Amount paid to M/s Hans Electronics for purchases of AC.  1. Comparative statement was not prepared.
10.07.2021	Unique Industries	94,034/-	Amount paid to Unique Industries for purchase of Ups.  1. Quotations were not stamped from venders.

#### 4. NON LEVY OF LIQUIDATED DAMAGES

On checking of procurement we found that expenditure incurred for purchase of Machinery & Equipments but supply was late provided by vendor or supplier and No L.D. was deducted on payment of Vender & Supplier by Institute but As per Term & condition of contract liquidate damage should be charged for any delay in supply of goods and material. Liquidated Damages are charged at 0.5% of contract price per week after the stipulated date of delivery, subject to a maximum limit of 10% of contract price. Details are mentioned below:

Date of Payment	Name of Supplier	Amount	Method of purchase	Date of Supply as per agreement	Actual Delivery	No. of delay
14.07.2021	HMT Machine Tool Ltd. For purchases of Lathe machine.	1435000	GEM	07.08.2021	13.09.2021	36days

#### 5. DELAY IN DEPOSIT OF GST TDS

During the audit we found that Institute has deducted GST TDS @ 2% Under Section 51 of GST Act from vender and supplier but amount was late deposited into respective department by Institute. Detail is given below:

Name of Firm/ Vender	Date of payment	Amount of deducted GST TDS @ 2 %	Due date	Actual date of deposit	Observation
M/S Print mall for purchases of Laptop, printers & Scanners	14.07.2021	7203.00	10.08.2021	30.09.2021	GST TDS was late deposited by Institute



# SKILLS STRENGTHENING FOR INDUSTRIAL VALUE ENHANCEMENT (STRIVE) (WORLD BANK FUNDED PROJECT)

#### IMC OF GOVT. INDUSTRIAL TRAINING INSTITUTE (PWD) - SUNDERNAGAR

#### INTERNAL AUDIT REPORT FOR THE PERIOD FROM 01.04.2021 TO 31.03.2022

#### PART – A BRIEF DETAIL OF THE AUDITEE AND AUDIT

a. Name and address of the Auditee : IMC of Govt. Industrial Training Institute

(PWD) SunderNagar

b. Name of Auditors : Agarwal A Kumar & Associates

c. Days of Audit : 2

d. Period covered in the previous audit : October 01, 2020 to March 31, 2021

e. Period covered in the current audit : April 01, 2021 to March 31, 2022

#### PART - B

#### EXECUTIVE SUMMARY

#### (a) Objective of Audit

We have conducted the Internal Audit of IMC of Govt. Industrial Training Institute (PWD) SundarNagar for the period from April 01, 2021 to March 31, 2022. We have carried out the audit in accordance with the standards on auditing promulgated by the Institute of Chartered Accountants of India and in accordance with the TOR as issued by the funding Agency International Development Association. It is the responsibility of the management to maintain the PFMS / PMIS as prescribe by the funding agency in cash system of accounting, fair and proper documentation, generation books and records, and the various Interim financial reports and annual statements, and to implement a proper internal control system commensurate with the size of the organization.

Our responsibility is to verify the books and accounts commensurate with the standard procedures and guidelines followed by the Project for the different level and to see that there is proper documentation and internal control in existence during the period of audit and to report the deficiencies, if any, existing in the operation of the Project.



#### (b) Methodology of Audit

The Audit was conducted on the basis of the finalized Audit Program. After distribution of the audit work and responsibilities, the concerned staff performed their job and directly reported to Team Manager on daily basis. Internal Audit program was mainly focused on following areas:

- An assessment of whether the Project Financial Statements have been prepared in accordance with consistently applied Accounting Standards of the Institute of Chartered Accountants of India and gives a true and fair view of the operations of the Project during the year and the financial position of the Project at the close of the financial year.
- 2 An assessment of the adequacy of the Project financial management systems including internal controls. The financial management system should include methods and records established to identify, assemble, analyze, classify, record and report on transactions and to maintain accountability for the related assets and liabilities.
- 3 That all project funds have been used in accordance with the conditions of the relevant financing agreement, with due attention to transparency, economy and efficiency and only for the purposes for which the financing was provided.
- 4 All necessary supporting documents, records and books/ statements of accounts have been maintained and all necessary supporting documents such as records, vouchers, bids etc. and books of accounts have been kept in respect of all project expenditures.
- 5 Identify the expenditure which are covered in accordance with the allocation described in "Operational Manual" under section 4 "Fiduciary Systems" para 4.1 " Financial Management" under sub para 4.2.3 "Eligible and Ineligible Procurement Expenditure" as eligible and segregate these from non-eligible items.
- 6 Clear linkages exist between the books of accounts maintained for the expenditures and reports presented for the expenditure incurred.
- 7 That test check and verification of the activities were conducted for the project as planned and that they were in line with the agreed loan agreement.
- 8 Verify the eligibility of expenditures for SoE disbursement and separately report upon ineligible expenditure claimed if any.

#### (c) Status of implementation of the Public Financial Management System

During audit we noted that "Public Financial Management System" has been implemented during period from April 01, 2021 to March 31, 2022.

#### (d) Status of Compliance of previous audit report

During audit we noted that the compliance of the observations of previous internal audit report have not been done.

#### (e) Key areas of weakness

During audit we noted that there were some key areas of weakness regarding procedural Lapse for the period from April 01, 2021 to March 31, 2022. Details are given in part D.

#### PART - C

#### COMPLIANCE OF PREVIOUS AUDIT REPORT

During audit we noted that the compliance of the observations of previous internal audit report have not been done.

#### 1. CHECKING OF OUTSTANDING ADVANCES

During the checking of ledger, we noted that advance was given to contractor for civil work but advance was not adjusted till 31<sup>st</sup> March 2021. Detail is given below:

Date of given	Particulars	Outstanding Amount on 31.03.2021 (Rs)	Observations
19.01.2021	Advance given to HPSIDC Ltd.  For Construction of washing station for MMV workshop & construction Pit for Wheel Alignment machine	6,48,400.00	Advance amount was not adjusted till 31st March 2021

#### 2. NON LEVY OF LIQUIDATED DAMAGES

On checking of procurement we found that expenditure incurred for purchase of Machinery & Equipments but supply was late provided by vendor or suppliers and No L.D. was deducted on payment of Vender & Supplier by Institute but As per Term & condition of contract liquidate damage should be charged for any delay in supply of goods and material. Liquidated Damages are charged at 0.5% of contract price per week after the stipulated date of delivery, subject to a maximum limit of 10% of contract price. Details are mentioned below:

Contract No.	P.O. Date	Particulars	Date of Delivery as per Contract	Amount	Actual Date of Delivery	Delay
GEMC- 51168775 0347566	04.01.2021	Amount Paid to M/s Asha Enterprises for purchases of Interactive Panels.	19.01.2021	4,99,000	29.01.2021	10 Days

# 3. <u>DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL EXPENDITURE INCURRED AS PER CASH BOOK</u>

During audit we noticed that there was difference between expenditure booked in PFMS Software and actual expenditure incurred as per cash book. The detail of PFMS reconciliation are mentioned below:

PFMS reconciliation statement as on 31.03.2021 - FY - 2020-21)

Sr. No.	Statement of Expenditure	Amount (Rs.)
1	Expenditure booked as per PFMS Statement From (01.04.2020 to 31.03.2021)	5300600.00
2	Actual Expenditure incurred as per cash book from (01.04.2020 to 31.03.2021)	4307416.26
	Difference	993183.74

#### 4. TDS NOT DEDUCTED

On checking of TDS records we noted that institute has given advance of Rs.6,48,400/- to HPSIDC Ltd. For civil work but TDS was not deducted at the time of payment by Institute. Detail is mentioned below:

Date of Payment	Particulars	Amount	TDS Should be deducted @ 2%	Observation
19.01.2021	Amount Paid to HPSIDC Ltd. For civil work.	6,48,400/-	12,968/-	TDS was not deducted by Institute at the time of payment.

#### PART - D

#### **SERIOUS OBSERVATIONS**

During audit we found that there were some serious observations such as laps in internal control, system weakness etc. in following manner:

#### 1. DELAY IN DEPOSIT OF GST TDS

During the audit we found that Institute has deducted GST TDS @ 2% Under Section 51 of GST Act from vender and supplier but amount was late deposited into respective department by Institute. Detail is given below:

Name of Firm/ Vender	Date of payment	Amount of deducted GST TDS @ 2 %	Due date	Actual date of deposit	Observation
Mahindra & Mahindra Ltd.	25.02.2021	14605.00	10.03.2021	13.07.2021	GST TDS was late deposited by Institute

# 2. <u>DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL EXPENDITURE INCURRED AS PER CASH BOOK</u>

During audit we noticed that there was no difference between expenditure booked in PFMS Software and actual expenditure incurred as per cash book. The detail of PFMS reconciliation are mentioned below:

#### PFMS reconciliation statement as on 31.03.2022 (FY-2021-22)

Sr. No.	Statement of Expenditure	Amount (Rs.)
1	Expenditure booked as per PFMS Statement From (01.04.2021 to 31.03.2022)	3976190.00
2	Actual Expenditure incurred as per cash book from (01.04.2021 to 31.03.2022)	4006330.00
	Difference	30140.00

#### PART - E

#### OTHER OBSERVATIONS

## 1. STATUS OF UTILISATION OF FUND

During audit we found that fund received and utilized during audit period as below:

Opening Balance as on 01.04.2021 3692584.00

Fund received during the period from (01.04.2021 to 31.03.2022) 314283.00

Total Fund 4006867.00

Expenditure incurred during the period (01.04.2021 to 31.03.2022 4006330.00

Unspent Bal transferred to H.O. Sunder nagar 537.00

Balance as per bank as on 31.03.2022 0.00

## 2. CHECKING OF OTHER PROCUREMENT SECTION

Sr. No.	Particulars	Compliance from auditors Yes/ No	Comment of auditor
1	Goods and services financed have been procured in accordance with the relevant financing agreement and procurement norms as laid out in the operations manual.	Yes	No comments
	Procurement processes being followed at the it is and State Societies are as per procurement Guidelines under STRIVE project as per Para 4.2 of the OM	Yes	No comments
3	Any Procurement related complaints received and time taken in disposal of each such complaints and verifying that no contracts excluded from the program have been awarded.	No	There was no procurement related complaints are reflected on website
4	Publication of Annual/ Quarterly procurement plan on Institute / SPIU website.	Yes	Institute procurement plan is uploaded on the web site www.Himachaliti/sundernagar.in for the financial year 2021-22.
5	Selected Contractor/ Supplier/Service provider/ Consultant on World Banks list of temporarily suspended and debarred firms	No	No contract has been awarded to any firm by Institute, which is debarred by the World Bank.

6	Contract Award Notice (CAN) as per applicable format (Competitive selection, Request for Quotations Direct selection are uploaded on website/ Public domain against of each of the completed procurement (applicable in case of LOA/contract issued)	Yes	No comments
7	Any other section/ weakness reviewed on procurement	Yes	During audit period some weakness found in procurement section that is already given in audit report Part –D.

#### PART - F

# EXECUTIVE SUMMARY AND SUGGESTIONS/RECOMMENDATIONS

#### 1. DELAY IN DEPOSIT OF GST TDS

During the audit we found that Institute has deducted GST TDS @ 2% Under Section 51 of GST Act from vender and supplier but amount was late deposited into respective department by Institute. Detail is given below:

Name of Firm/ Vender	Date of payment	Amount of deducted GST TDS @ 2 %	Due date	Actual date of deposit	Observation
Mahindra & Mahindra Ltd.	25.02.2021	14605.00	10.03.2021	13.07.2021	GST TDS was late deposited by Institute

# 2. <u>DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL EXPENDITURE INCURRED AS PER CASH BOOK</u>

During audit we noticed that there was no difference between expenditure booked in PFMS Software and actual expenditure incurred as per cash book. The detail of PFMS reconciliation are mentioned below:

## PFMS reconciliation statement as on 31.03.2022 (FY-2021-22)

Sr. No.	Statement of Expenditure	Amount (Rs.)
1	Expenditure booked as per PFMS Statement From (01.04.2021 to 31.03.2022)	3976190.00
2	Actual Expenditure incurred as per cash book from (01.04.2021 to 31.03.2022)	4006330.00
	Difference	30140.00



# SKILLS STRENGTHENING FOR INDUSTRIAL VALUE ENHANCEMENT (STRIVE) (WORLD BANK FUNDED PROJECT)

## GOVT. INDUSTRIAL TRAINING INSTITUTE - NADAUN

## INTERNAL AUDIT REPORT FOR THE PERIOD FROM 01.04.2021 TO 31.03.2022

## PART - A BRIEF DETAIL OF THE AUDITEE AND AUDIT

a. Name and address of the Auditee

: Govt. Industrial Training Institute

Nadaun

b. Name of Auditors

: Agarwal A Kumar & Associates

c. Days of Audit

: 2

d. Period covered in the previous audit

: October 01,2020 to March 31,2021

e. Period covered in the current audit

: April 01, 2021 to March 31, 2022

#### PART - B

## **EXECUTIVE SUMMARY**

## (a) Objective of Audit

We have conducted the Internal Audit of Govt. Industrial Training Institute Nadaun for the period from April 01, 2021 to March 31, 2022. We have carried out the audit in accordance with the standards on auditing promulgated by the Institute of Chartered Accountants of India and in accordance with the TOR as issued by the funding Agency International Development Association. It is the responsibility of the management to maintain the PFMS / PMIS as prescribe by the funding agency in cash system of accounting, fair and proper documentation, generation books and records, and the various Interim financial reports and annual statements, and to implement a proper internal control system commensurate with the size of the organization.

Our responsibility is to verify the books and accounts commensurate with the standard procedures and guidelines followed by the Project for the different level and to see that there is proper documentation and internal control in existence during the period of audit and to report the deficiencies, if any, existing in the operation of the Project.

### (b) Methodology of Audit

The Audit was conducted on the basis of the finalized Audit Program. After distribution of the audit work and responsibilities, the concerned staff performed their job and directly reported to Team Manager on daily basis. Internal Audit program was mainly focused on following areas:

- An assessment of whether the Project Financial Statements have been prepared in accordance with consistently applied Accounting Standards of the Institute of Chartered Accountants of India and gives a true and fair view of the operations of the Project during the year and the financial position of the Project at the close of the fiscal year.
- 2 An assessment of the adequacy of the Project financial management systems including internal controls. The financial management system should include methods and records established to identify, assemble, analyze, classify, record and report on transactions and to maintain accountability for the related assets and liabilities.
- 3 That all project funds have been used in accordance with the conditions of the relevant financing agreement, with due attention to transparency, economy and efficiency and only for the purposes for which the financing was provided.
- 4 All necessary supporting documents, records and books/ statements of accounts have been maintained and all necessary supporting documents such as records, vouchers, bids etc. and books of accounts have been kept in respect of all project expenditures.
- 5 Identify the expenditure which are covered in accordance with the allocation described in "Operational Manual" under section 4 "Fiduciary Systems" para 4.1 " Financial Management" under sub para 4.2.3 "Eligible and Ineligible Procurement Expenditure" as eligible and segregate these from non-eligible items.
- 6 Clear linkages exist between the books of accounts maintained for the expenditures and reports presented for the expenditure incurred.
- 7 That test check and verification of the activities were conducted for the project as planned and that they were in line with the agreed loan agreement.
- 8 Verify the eligibility of expenditures for SoE disbursement and separately report upon ineligible expenditure claimed if any.

## (c) Status of implementation of the Public Financial Management System

During audit we noted that "Public Financial Management System" has been implemented during period from April 01, 2021 to March 31, 2022.

## (d) Status of Compliance of previous audit report

During audit we noted that the compliance of the observations of previous internal audit report have not been done.

#### (e) Key areas of weakness

During audit we noted that there were some key areas of weakness regarding procedural lapse for the period from April 01, 2021 to March 31, 2022, Details are given in part D.

#### PART - C

## **COMPLIANCE OF PREVIOUS AUDIT REPORT**

During audit we noted that the compliance of the observations of previous internal audit report have not been done.

## 1. NON LEVY OF LIQUIDATED DAMAGES

On checking of procurement we found that expenditure incurred for purchase of Machinery & Equipments but supply was late provided by vendor or suppliers and No L.D. was deducted on payment of Vender & Supplier by Institute but As per Term & condition of contract liquidate damage should be charged for any delay in supply of goods and material. Liquidated Damages are charged at 0.5% of contract price per week after the stipulated date of delivery, subject to a maximum limit of 10% of contract price. Details are mentioned below:

Contract No.	Date of Payment	Particulars	Date of Delivery as per Contract	Amount	Actual Date of Delivery	Delay
GEMC- 51168774 1321004	17.03.2021	Universal Engineer Equipment Corporation.	03.02.2021	2,41,000	24.02.2021	21 days

### 2. GST TDS NOT DEDUCTED

During the audit we found that amount was paid for supply of goods or services but GST TDS @ 2% Under Section 51 of GST Act not deducted at the time of payment. Details are given below:

Date	Particulars	Total Amount	Observations
13.01.2021	Universal System	2,74,911/-	Payment made
05.02.2021	Sanjeev Kumar	3,37,120/-	without deduction
19.02.2021	Ellora computers	5,27,517/-	of GST TDS.
19.02.2021	Ellora computers	8,20,582/-	0. 001 100.
17.03.2021	Ellora computers	4,62,504/-	
17.03.2021	Gentek Power	4,96,800/-	
17.03.2021	Universal Engineer corporation Ltd	4,61,898/-	7

#### PART - D

## **SERIOUS OBSERVATIONS**

During audit we found that there were some serious observations such as laps in internal control, system weakness etc. in following manner:

## 1. NON LEVY OF LIQUIDATED DAMAGES

On checking of procurement we found that expenditure incurred for auto electric Test & Equipments but supply was late provided by vendor or suppliers and No L.D. was deducted on payment of Vender & Supplier by Institute but As per Term & condition of contract liquidate damage should be charged for any delay in supply of goods and material. Liquidated Damages are charged at 0.5% of contract price per week after the stipulated date of delivery, subject to a maximum limit of 10% of contract price. Details are mentioned below:

Contract No.	Date of Payments	Particular	Date of Delivery as per Contract	Amount	Actual Date of Delivery	Delay
GEMC- 51168779 1980709	18.06.2021	M/s Mars Edpal Instruments	03.03.2021	69900.00	24.03.2021	21 Days
GEMC- 51168774 783504	09.07.2021	M/s Guru Nanak Scientific Devices	26.06.2021	52090.00	29.06.2021	3 days

GEMC-	09.07.2021	M/s Mars	24.06.2021	119900.00	29.06.2021	5 Days
51168774		Edpal			25.00.2021	Julys
3761856		Instruments				
GEMC-	09.07.2021	M/s Mars	24.06.2021	156000.00	29.06.2021	5 days
51168771		Edpal			25.00.2021	Juays
292692		Instruments	-			
GEMC-	09.07.2021	M/s Mars	24.06.2021	170000.00	29.06.2021	5 days
51168775		Edpal			27.00.2021	Juays
1505148		Instruments				
GEMC-	09.07.2021	M/s Mars	24.06.2021	39000.00	29.06.2021	5 days
51168770		Edpal			25.00.2021	Juays
4360889		Instruments	Š V			
GEMC-	12.07.2021	M/s Mars	25.06.2021	190000.00	10.07.2021	16 days
51168778		Edpal			10.07.2021	10 days
5286630		Instruments				

# 2. <u>DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL EXPENDITURE INCURRED AS PER CASH BOOK</u>

During audit we noticed that there was difference between expenditure booked in PFMS Software and actual expenditure incurred as per cash book. The detail of PFMS Reconciliation are mentioned below:

## PFMS reconciliation statement as on 31.03.2022 - FY - 2021-22)

Sr. No.	Statement of Expenditure	Amount (Rs.)
1	Expenditure booked as per PFMS Statement From (01.04.2021 to 31.03.2022)	1771313.00
2	Actual Expenditure incurred as per cash book from (01.04.2020 to 31.03.2021)	1550174.00
	Difference	221139.00

## 3. NO IDENTIFICATION MARK SHOWN ON THE FIXED ASSETS

We checked the Fixed Assets Register and found that consumable and non consumable items were shown in same register. There is no segregation of items. Further we have checked the Physically fixed assets and noted that there were no identification of mark shown on the Fixed Assets.

#### Recommendation

We recommend that As per "Operational Manual" under section 4" para 4.1.3.4 "page no. 320 Each asset must be physically marked with a number, where in such number must be recorded along with the Asset Location in the Asset Register.

## PART - E

## OTHER OBSERVATIONS

## 1. CHECKING OF OTHER PROCUREMENT SECTION

Sr. No.	Particulars	Compliance from auditors Yes/ No	Comment of auditor
1	Goods and services financed have been procured in accordance with the relevant financing agreement and procurement norms as laid out in the operations manual.	Yes	No comments
2	Procurement processes being followed at the it is and State Societies are as per procurement Guidelines under STRIVE project as per Para 4.2 of the OM	Yes	No comments
3	Any Procurement related complaints received and time taken in disposal of each such complaints and verifying that no contracts excluded from the program have been awarded.	No	There was no procurement related complaints are reflected on website
4	Publication of Annual/ Quarterly procurement plan on Institute / SPIU website.	Yes	Institute procurement plan is uploaded on the web site <a href="http://.itirail.in">http://.itirail.in</a> for the financial year 2021-22.
5	Selected Contractor/ Supplier/Service provider/ Consultant on World Banks list of temporarily suspended and debarred firms	No	No contract has been awarded to any firm by Institute, which is debarred by the World Bank.
6	Contract Award Notice (CAN) as per applicable format (Competitive selection, Request for Quotations Direct selection are uploaded on website/Public domain against of each of the completed procurement (applicable in case of LOA/contract issued)	Yes	No comments
7	Any other section/ weakness reviewed on procurement	Yes	During audit period some weakness found in procurement section that is already given in audit report Part –D.

### PART - F

## EXECUTIVE SUMMARY AND SUGGESTIONS/RECOMMENDATIONS

## 1. NON LEVY OF LIQUIDATED DAMAGES

On checking of procurement we found that expenditure incurred for auto electric Test & Equipments but supply was late provided by vendor or suppliers and No L.D. was deducted on payment of Vender & Supplier by Institute but As per Term & condition of contract liquidate damage should be charged for any delay in supply of goods and material. Liquidated Damages are charged at 0.5% of contract price per week after the stipulated date of delivery, subject to a maximum limit of 10% of contract price. Details are mentioned below:

Contract No.	Date of Payments	Particular	Date of Delivery as per Contract	Amount	Actual Date of Delivery	Delay
GEMC- 51168779 1980709	18.06.2021	M/s Mars Edpal Instruments	03.03.2021	69900.00	24.03.2021	21 Days
GEMC- 51168774 783504	09.07.2021	M/s Guru Nanak Scientific Devices	26.06.2021	52090.00	29.06.2021	3 days
GEMC- 51168774 3761856	09.07.2021	M/s Mars Edpal Instruments	24.06.2021	119900.00	29.06.2021	5 Days
GEMC- 51168771 292692	09.07.2021	M/s Mars Edpal Instruments	24.06.2021	156000.00	29.06.2021	5 days
GEMC- 51168775 1505148	09.07.2021	M/s Mars Edpal Instruments	24.06.2021	170000.00	29.06.2021	5 days
GEMC- 51168770 4360889	09.07.2021	M/s Mars Edpal Instruments	24.06.2021	39000.00	29.06.2021	5 days
GEMC- 51168778 5286630	12.07.2021	M/s Mars Edpal Instruments	25.06.2021	190000.00	10.07.2021	16 days

# 2. <u>DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL EXPENDITURE INCURRED AS PER CASH BOOK</u>

During audit we noticed that there was difference between expenditure booked in PFMS Software and actual expenditure incurred as per cash book. The detail of PFMS Reconciliation are mentioned below:

## PFMS reconciliation statement as on 31.03.2022 - FY - 2021-22)

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2	Actual Expenditure incurred as per cash book from (01.04.2020 to 31.03.2021)	1550174.00
	Difference	221139.00

## 3. NO IDENTIFICATION MARK SHOWN ON THE FIXED ASSETS

We checked the Fixed Assets Register and found that consumable and non consumable items were shown in same register. There is no segregation of items. Further we have checked the Physically fixed assets and noted that there were no identification of mark shown on the Fixed Assets.

## Recommendation

We recommend that As per "Operational Manual" under section 4" para 4.1.3.4 "page no. 320 Each asset must be physically marked with a number, where in such number must be recorded along with the Asset Location in the Asset Register.



# SKILLS STRENGTHENING FOR INDUSTRIAL VALUE ENHANCEMENT (STRIVE) (WORLD BANK FUNDED PROJECT)

## GOVT. INDUSTRIAL TRAINING INSTITUTE - RAJGARH

## INTERNAL AUDIT REPORT FOR THE PERIOD FROM 01.04.2021 TO 31.03.2022

## PART - A BRIEF DETAIL OF THE AUDITEE AND AUDIT

a. Name and address of the Auditee

: Govt. Industrial Training Institute

Rajgarh

b. Name of Auditors

: Agarwal A Kumar & Associates

c. Days of Audit

:2

d. Period covered in the previous audit

: October 01, 2020 to March 31, 2021

e. Period covered in the current audit

: April 01, 2021 to March 31, 2022

#### PART - B

## EXECUTIVE SUMMARY

## (a) Objective of Audit

We have conducted the Internal Audit of Govt. Industrial Training Institute Rajgarh for the period from April 01, 2021 to March 31, 2022. We have carried out the audit in accordance with the standards on auditing promulgated by the Institute of Chartered Accountants of India and in accordance with the TOR as issued by the funding Agency International Development Association. It is the responsibility of the management to maintain the PFMS / PMIS as prescribe by the funding agency in cash system of accounting, fair and proper documentation, generation books and records, and the various Interim financial reports and annual statements, and to implement a proper internal control system commensurate with the size of the organization.

Our responsibility is to verify the books and accounts commensurate with the standard procedures and guidelines followed by the Project for the different level and to see that there is proper documentation and internal control in existence during the period of audit and to report the deficiencies, if any, existing in the operation of the Projectman

#### (b) Methodology of Audit

The Audit was conducted on the basis of the finalized Audit Program. After distribution of the audit work and responsibilities, the concerned staff performed their job and directly reported to Team Manager on daily basis. Internal Audit program was mainly focused on following areas:

- An assessment of whether the Project Financial Statements have been prepared in accordance with consistently applied Accounting Standards of the Institute of Chartered Accountants of India and gives a true and fair view of the operations of the Project during the year and the financial position of the Project at the close of the financial year.
- 2 An assessment of the adequacy of the Project financial management systems including internal controls. The financial management system should include methods and records established to identify, assemble, analyze, classify, record and report on transactions and to maintain accountability for the related assets and liabilities.
- That all project funds have been used in accordance with the conditions of the relevant financing agreement, with due attention to transparency, economy and efficiency and only for the purposes for which the financing was provided.
- 4 All necessary supporting documents, records and books/ statements of accounts have been maintained and all necessary supporting documents such as records, vouchers, bids etc. and books of accounts have been kept in respect of all project expenditures.
- Identify the expenditure which are covered in accordance with the allocation described in "Operational Manual" under section 4 "Fiduciary Systems" para 4.1 " Financial Management" under sub para 4.2.3 "Eligible and Ineligible Procurement Expenditure" as eligible and segregate these from non-eligible items.
- 6 Clear linkages exist between the books of accounts maintained for the expenditures and reports presented for the expenditure incurred.
- 7 That test check and verification of the activities were conducted for the project as planned and that they were in line with the agreed loan agreement.
- 8 Verify the eligibility of expenditures for SoE disbursement and separately report upon ineligible expenditure claimed if any.

#### (c) Status of implementation of the Public Financial Management System

During audit we noted that "Public Financial Management System" has been implemented during period from April 01, 2021 to March 31, 2022.

### (d) Status of Compliance of previous audit report

During audit we noted that the compliance of the observations of previous internal audit report have not been done.

#### (e) Key areas of weakness

During audit we noted that there were some key areas of weakness regarding procedural Lapse for the period from April 01, 2021 to March 31, 2022, Details are given in part D.

#### PART - C

#### COMPLIANCE OF PREVIOUS AUDIT REPORT

During audit we noted that the compliance of the observations of previous internal audit report have not been done.

## 1. <u>DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL EXPENDITURE INCURRED AS PER CASH BOOK</u>

During audit we noticed that there was difference between expenditure booked in PFMS Software and actual expenditure incurred as per cash book. The detail of PFMS reconciliation are mentioned below:

#### PFMS reconciliation statement as on 31.03.2021 - FY - 2020-21)

Sr. No.	Statement of Expenditure	Amount (Rs.)
1	Expenditure booked as per PFMS Statement From (01.04.2020 to 31.03.2021)	6316106.00
2	Actual Expenditure incurred as per cash book from (01.04.2020 to 31.03.2021)	6000000.00
	Difference	316106.00

#### 2. NON LEVY OF LIQUIDATED DAMAGES

On checking of procurement we found that expenditure incurred for purchase of Machinery & Equipments but supply were late provided by vendors or suppliers and No L.D. was deducted on payment of Venders & Suppliers by Institute but As per Term & condition of contract liquidate damage should be charged for any delay in supply of goods and material. Liquidated Damages are charged at 0.5% of contract price per week after the stipulated date of delivery, subject to a maximum limit of 10% of contract price. Details are mentioned below:

Contract No.	Date of Payment	Particulars	Date of Delivery as per Contract	Amount	Actual Date of Delivery	Delay
GEMC- 51168776 5180981	12.11.2020	Amount Paid to Satluj Dacument company For purchase of Interactive flat panel display.	20.09.2020	3,09,960/-	08.10.2020	18 Days
GEMC- 51168770 7029269	16.12.2020	Amount Paid to Satluj Dacument company For purchase of Micro PC.	24.11.2020	49,770/-	14.12.2020	20 Days
GEMC- 51168776 3786614	10.01.2021	Amount Paid to Satluj Dacument company For purchase Nmeric 10.0 KVA UPS.	08.11.2020	2,24,775/-	19.11.2020	11 Days
GEMC- 51168773 8472918	10.01.2021	Amount Paid to Satluj Dacument company For purchase of HP Intel core Window 10.	17.12.2020	6,56,550/-	14.01.2021	28 Days

## 3. LABOUR CESS NOT DEDUCTED IN PAYMENT OF CONTRACTOR

While checking of civil work payment we observed that in one case Institute has made Payment to contractor without deducted labour cess in contractor bill. The detail of this case is mentioned below:

Date	Name of Contractor	Amount	Labour cess should be deducted @ 1%	Observation
29.01.2021	M/s Deepak Singh Govt. contractor	1,82,276/-	1,823/-	Payment made to M/s Deepak Singh Govt. contractor for civil work but Labour cess was not deducted in the payment of contractor bill by Institute.

#### PART - D

### SERIOUS OBSERVATIONS

During audit we found that there were no serious observations such as laps in internal control, system weakness etc.

#### PART - E

#### OTHER OBSERVATIONS

#### 1. STATUS OF UTILISATION OF FUND

During audit we found that fund received and utilized during audit period as below:

Opening Balance as on 01.04.2021

0.00

Fund received during the period from (01.04.2021 to 31.03.2022)

128436.00

Expenditure incurred during the period (01.04.2021 to 31.03.2022)

128436.00

Balance as per bank as on 31.03.2022

0.00

## 2. CHECKING OF PROCUREMENT PROCEDURE

During audit we noted that Institute has followed the proper procurement procedure for purchase. Detail of this procurement is given below:

Order No.	Name of the Supplier	Name of the Item	Qty	Total	Method
GEMC- 51168770 2386083	PCUBE SOFTWARE SOLUTION	One year License for web application Software	1	115786	Gem

## 3. CHECKING OF OTHER PROCUREMENT SECTION

Sr. No.		Compliance from auditors Yes/ No	Comment of auditor
1	Goods and services financed have been procured in accordance with the relevant financing agreement and procurement norms as laid out in the operations manual.	Yes	No comments
2	Procurement processes being followed at the it is and State Societies are as per procurement Guidelines under STRIVE project as per Para 4.2 of the OM	Yes	No comments
3	Any Procurement related complaints received and time taken in disposal of each such complaints and verifying that no contracts excluded from the program have been awarded.	No	There was no procurement related complaints are reflected on website
4	Publication of Annual/ Quarterly procurement plan on Institute / SPIU website.	Yes	Institute procurement plan is uploaded on the web site http://www.himac haliti.in/rajgariti/A dmin.UploadStrive Schemes.aspx for the financial year 2021-22.
5	Selected Contractor/ Supplier/Service provider/ Consultant on World Banks list of temporarily suspended and debarred firms	No	No contract has been awarded to any firm by Institute, which is debarred by the World Bank.
6	Contract Award Notice (CAN) as per applicable format (Competitive selection, Request for Quotations Direct selection are uploaded on website/ Public domain against of each of the completed procurement (applicable in case of LOA/contract issued)	Yes	No comments
7	Any other section/ weakness reviewed on procurement		During audit period some weakness found in procurement section that is already given in audit report Part –D.

## PART - F

## EXECUTIVE SUMMARY AND SUGGESTIONS/RECOMMENDATIONS

## 1. STATUS OF UTILISATION OF FUND

During audit we found that fund received and utilized during audit period as below:

Opening Balance as on 01.04.2021 0.00

Fund received during the period from (01.04.2021 to 31.03.2022) 128436.00

Expenditure incurred during the period (01.04.2021 to 31.03.2022) 128436.00

Balance as per bank as on 31.03.2022 0.00



## SKILLS STRENGTHENING FOR INDUSTRIAL VALUE ENHANCEMENT (STRIVE)

## (WORLD BANK FUNDED PROJECT)

## GOVT. INDUSTRIAL TRAINING INSTITUTE - SAINJ

## INTERNAL AUDIT REPORT FOR THE PERIOD FROM 01.04.2021 TO 31.03.2022

## PART – A BRIEF DETAIL OF THE AUDITEE AND AUDIT

a. Name and address of the Auditee

: Govt. Industrial Training Institute

Saini

b. Name of Auditors

: Agarwal A Kumar & Associates

c. Days of Audit

: 2

d. Period covered in the previous audit

: October 01, 2020 to March 31, 2021

e. Period covered in the current audit

: April 01, 2021 to March 31, 2022

#### PART - B

## **EXECUTIVE SUMMARY**

## (a) Objective of Audit

We have conducted the Internal Audit of Govt. Industrial Training Institute Sainj for the period from April 01, 2021 to March 31, 2022. We have carried out the audit in accordance with the standards on auditing promulgated by the Institute of Chartered Accountants of India and in accordance with the TOR as issued by the funding Agency International Development Association. It is the responsibility of the management to maintain the PFMS / PMIS as prescribe by the funding agency in cash system of accounting, fair and proper documentation, generation books and records, and the various Interim financial reports and annual statements, and to implement a proper internal control system commensurate with the size of the organization.

Our responsibility is to verify the books and accounts commensurate with the standard procedures and guidelines followed by the Project for the different level and to see that there is proper documentation and internal control in existence during the period of audit and to report the deficiencies, if any, existing in the operation of the Project.



## (b) Methodology of Audit

The Audit was conducted on the basis of the finalized Audit Program. After distribution of the audit work and responsibilities, the concerned staff performed their job and directly reported to Team Manager on daily basis. Internal Audit program was mainly focused on following areas:

- An assessment of whether the Project Financial Statements have been prepared in accordance with consistently applied Accounting Standards of the Institute of Chartered Accountants of India and gives a true and fair view of the operations of the Project during the year and the financial position of the Project at the close of the financial year.
- 2 An assessment of the adequacy of the Project financial management systems including internal controls. The financial management system should include methods and records established to identify, assemble, analyze, classify, record and report on transactions and to maintain accountability for the related assets and liabilities.
- 3 That all project funds have been used in accordance with the conditions of the relevant financing agreement, with due attention to transparency, economy and efficiency and only for the purposes for which the financing was provided.
- 4 All necessary supporting documents, records and books/ statements of accounts have been maintained and all necessary supporting documents such as records, vouchers, bids etc. and books of accounts have been kept in respect of all project expenditures.
- 5 Identify the expenditure which are covered in accordance with the allocation described in "Operational Manual" under section 4 "Fiduciary Systems" para 4.1 " Financial Management" under sub para 4.2.3 "Eligible and Ineligible Procurement Expenditure" as eligible and segregate these from non-eligible items.
- 6 Clear linkages exist between the books of accounts maintained for the expenditures and reports presented for the expenditure incurred.
- 7 That test check and verification of the activities were conducted for the project as planned and that they were in line with the agreed loan agreement.
- 8 Verify the eligibility of expenditures for SoE disbursement and separately report upon ineligible expenditure claimed if any.

## (c) Status of implementation of the Public Financial Management System

During audit we noted that "Public Financial Management System" has been implemented during period from April 01, 2021 to March 31, 2022.

## (d) Status of Compliance of previous audit report

During audit we noted that the compliance of the observations of previous internal audit report have not been done.

## (e) Key areas of weakness

During audit we noted that there were some key areas of weakness regarding procedural Lapse for the period from April 01, 2021 to March 31, 2022, Details are given in part D.

#### PART - C

## COMPLIANCE OF PREVIOUS AUDIT REPORT

During audit we noted that the compliance of the observations of previous internal audit report have not been done.

## 1. NON LEVY OF LIQUIDATED DAMAGES

On checking of procurement we found that expenditure incurred for purchase of Machinery & Equipments but supply was late provided by vendor or suppliers and No L.D. was deducted on payment of Vender & Supplier by Institute but As per Term & condition of contract liquidate damage should be charged for any delay in supply of goods and material. Liquidated Damages are charged at 0.5% of contract price per week after the stipulated date of delivery, subject to a maximum limit of 10% of contract price. Details are mentioned below:

Contract No.	Date of Payment	Particulars	Date of Delivery as per Contract	Amount	Actual Date of Delivery	Delay
GEMC- 51168774 1265630	10.12.2020	Amount Paid to Satluj Dacument company For purchase of computers.	04.11.2020	18,78,000/-	18.11.2020	14 Days

#### PART-D

#### **SERIOUS OBSERVATIONS**

During audit we found that there were some serious observations such as laps in internal control, system weakness etc. in following manner:

# 1. GST TDS DEDUCTED BY THE INSTITUTE ON GROSS AMOUNT OF BILL

During audit we found that in one case GST TDS was deducted by the Institute on gross amount of bill instead of taxable value resulting into deduction of tax on tax. Detail of this case is given below:

Date	Particulars	Net Amount	GST TDS Deducted	GST TDS Should be deducted	Excess amount deducted
18.06.2021	Rivotta Pvt. Ltd. For purchases of Intractive Panels accessories	272156.00	6404.00	5443.00	961.00

Auditors' Comments: Compliance has been made now.

### PART - E

#### OTHER OBSERVATIONS

#### 1. STATUS OF UTILISATION OF FUND

During audit we found that fund received and utilized during audit period as below:

Opening Balance as on 01.04.2021 2776547.00

Fund received during the period from (01.04.2021 to 31.03.2022) 470745.00

Total Fund 3247292.00

Expenditure incurred during the period (01.04.2021 to 31.03.2022 3247292.00

Balance as per bank as on 31.03.2022 0.00

## 2. EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL EXPENDITURE INCURRED AS PER CASH BOOK

During audit we noticed that there was no difference between expenditure booked in PFMS Software and actual expenditure incurred as per cash book. The detail of PFMS Reconciliation are mentioned below:

#### PFMS reconciliation statement as on 31.03.2022 - FY - 2021-22)

Sr. No.	Statement of Expenditure	Amount (Rs.)
1	Expenditure booked as per PFMS Statement From (01.04.2021 to 31.03.2022)	3247292.00
2	Actual Expenditure incurred as per cash book from (01.04.2021 to 31.03.2022)	3247292.00
	Difference	0.00

#### 3. CHECKING OF PROCUREMENT PROCEDURE

During audit we noted that Institute has followed the proper procurement procedure for purchase. Details of these procurement are given below:

Date	Name of Supplier	Name of the Items	Qty.	Total Amt.	Method
8-7-2021	Mars EDPAL Instruments Haryana	Drilling Machine Pillier Type 25mm	01 No	98400/-	GeM
8-7-2021	Mars EDPAL Instruments Haryana	Drilling Machine 13 mm	01 No	1,18,000/-	GeM
31-07-2021	A N Exflame Fire protection, Delhi.	Fire Extinguisher.	02 Nos.	9998/-	GeM
31-08-2021	Ambey International Ambala Cant, Haryana	Machinery and Equipments	01 Set	1,50,054/-	E-Tendering
17-08-2021	ANA Industrial Corp. Haryana	Machine Vice 100mm	01 No.	16,000/-	GeM
17-08-2021	Ind Lab Engineers Karnataka.	Machinery And Equipments Electrician Trade	01 Set.	5,79,504/-	E-Tendering

31-08-2021	ANA Industrial Corp. Haryana	Street Lights.	06 Nos	1,45,122/-	GeM
31-08-2021	Asha Enterprises, Mandi.	Training Material (Painter General)	-	5,41,114/-	E-Tendering
1-9-2021	Acumen Labware, Ambala Haryana.	Machinery and Equipments	01 Set	43,790/-	E-Tendering
1-9-2022	Panjolia Enterprises Kangra HP	Machinery And Equipments Electrician Trade	01 Set	1,78,705/-	e-Tendering
21-02-2022	Shree Sai Enterprises Punjab.	Drill Bit Set	01 Set	950/-	GeM
8-2-2022	Bhatia Inverter & Auto Electricals Delhi.	Lead Acid Battery	04 Nos	35,800/-	GeM
11-2-2022	MG Traders Solan HP	10 KVA UPS	01 No	4,49,985/-	GeM
14-03-2022	AA Enterprises Uttar Pradesh	Vacuum Cleaner	01 No.	10,789/-	GeM
20-02-2022	Rivota Private Haryana	Intractive Flat Panels	03 nos	3,96,000/-	GeM

## 4. CHECKING OF OTHER PROCUREMENT SECTION

Sr. No.	Particulars	Compliance from auditors Yes/ No	Comment of auditor
1	Goods and services financed have been procured in accordance with the relevant financing agreement and procurement norms as laid out in the operations manual.	Yes	No comments
2	Procurement processes being followed at the it is and State Societies are as per procurement Guidelines under STRIVE project as per Para 4.2 of the OM	Yes	No comments

3	Any Procurement related complaints received and time taken in disposal of each such complaints and verifying that no contracts excluded from the program have been awarded.		There was no procurement related complaints are reflected on website
4	Publication of Annual/ Quarterly procurement plan on Institute / SPIU website.	Yes	Institute procurement plan is uploaded on the web site <a href="http://itisainj.in">http://itisainj.in</a> for the financial year 2021-22.
5	Selected Contractor/ Supplier/Service provider/ Consultant on World Banks list of temporarily suspended and debarred firms	No	No contract has been awarded to any firm by Institute, which is debarred by the World Bank.
6	Contract Award Notice (CAN) as per applicable format (Competitive selection, Request for Quotations Direct selection are uploaded on website/Public domain against of each of the completed procurement (applicable in case of LOA/contract issued)	Yes	No comments
	Any other section/ weakness reviewed on procurement	Yes	During audit period some weakness found in procurement section that is already given in audit report Part –D.

### PART - F

## EXECUTIVE SUMMARY AND SUGGESTIONS/RECOMMENDATIONS

## 1. $\underline{\text{GST TDS DEDUCTED BY THE INSTITUTE ON GROSS AMOUNT}}$ $\underline{\text{OF BILL}}$

During audit we found that in one case GST TDS was deducted by the Institute on gross amount of bill instead of taxable value resulting into deduction of tax on tax. Detail of this case is given below:

Date	Particulars	Net Amount	GST TDS Deducted	GST TDS Should be deducted	Excess amount deducted
18.06.2021	Rivotta Pvt. Ltd. For purchases of Intractive Panels accessories	272156.00	6404.00	5443.00	961.00



## SKILLS STRENGTHENING FOR INDUSTRIAL VALUE ENHANCEMENT (STRIVE)

## (WORLD BANK FUNDED PROJECT)

## GOVT. INDUSTRIAL TRAINING INSTITUTE - SHAHPUR

## INTERNAL AUDIT REPORT FOR THE PERIOD FROM 01.04.2021 TO 31.03.2022

## <u>PART – A</u> <u>BRIEF DETAIL OF THE AUDITEE AND AUDIT</u>

a. Name and address of the Auditee

: Govt. Industrial Training Institute

Shahpur

b. Name of Auditors

: Agarwal A Kumar & Associates

c. Days of Audit

: 2

d. Period covered in the previous audit

: October 01, 2020 to March 31, 2021

e. Period covered in the current audit

: April 01, 2021 to March 31, 2022

## PART - B

## EXECUTIVE SUMMARY

#### (a) Objective of Audit

We have conducted the Internal Audit of Govt. Industrial Training Institute Shahpur for the period from April 01, 2021 to March 31, 2022. We have carried out the audit in accordance with the standards on auditing promulgated by the Institute of Chartered Accountants of India and in accordance with the TOR as issued by the funding Agency International Development Association. It is the responsibility of the management to maintain the PFMS / PMIS as prescribe by the funding agency in cash system of accounting, fair and proper documentation, generation books and records, and the various Interim financial reports and annual statements, and to implement a proper internal control system commensurate with the size of the organization.

Our responsibility is to verify the books and accounts commensurate with the standard procedures and guidelines followed by the Project for the different level and to see that there is proper documentation and internal control in existence during the period of audit and to report the deficiencies, if any, existing in the operation of the Project.

#### (b) Methodology of Audit

The Audit was conducted on the basis of the finalized Audit Program. After distribution of the audit work and responsibilities, the concerned staff performed their job and directly reported to Team Manager on daily basis. Internal Audit program was mainly focused on following areas:

- 1 An assessment of whether the Project Financial Statements have been prepared in accordance with consistently applied Accounting Standards of the Institute of Chartered Accountants of India and gives a true and fair view of the operations of the Project during the year and the financial position of the Project at the close of the financial year.
- 2 An assessment of the adequacy of the Project financial management systems including internal controls. The financial management system should include methods and records established to identify, assemble, analyze, classify, record and report on transactions and to maintain accountability for the related assets and liabilities.
- 3 That all project funds have been used in accordance with the conditions of the relevant financing agreement, with due attention to transparency, economy and efficiency and only for the purposes for which the financing was provided.
- 4 All necessary supporting documents, records and books/ statements of accounts have been maintained and all necessary supporting documents such as records, vouchers, bids etc. and books of accounts have been kept in respect of all project expenditures.
- 5 Identify the expenditure which are covered in accordance with the allocation described in "Operational Manual" under section 4 "Fiduciary Systems" para 4.1 " Financial Management" under sub para 4.2.3 "Eligible and Ineligible Procurement Expenditure" as eligible and segregate these from non-eligible items.
- 6 Clear linkages exist between the books of accounts maintained for the expenditures and reports presented for the expenditure incurred.
- 7 That test check and verification of the activities were conducted for the project as planned and that they were in line with the agreed loan agreement.
- 8 Verify the eligibility of expenditures for SoE disbursement and separately report upon ineligible expenditure claimed if any.

## (c) Status of implementation of the Public Financial Management System

During audit we noted that "Public Financial Management System" has been implemented during period from April 01, 2021 to March 31, 2022.

## (d) Status of Compliance of previous audit report

During audit we noted that the compliance of the observations of previous internal audit report have not been done.

### (e) Key areas of weakness

During audit we noted that there were some key areas of weakness regarding procedural Lapse for the period from April 01, 2021 to March 31, 2022, Details are given in part D.

#### PART - C

## COMPLIANCE OF PREVIOUS AUDIT REPORT

During audit we noted that the compliance of the observations of previous internal audit report have not been done.

# 1. <u>DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL EXPENDITURE INCURRED AS PER CASH BOOK</u>

During audit we noticed that there was difference between expenditure booked in PFMS Software and actual expenditure incurred as per cash book. The detail of PFMS reconciliation are mentioned below:

## PFMS reconciliation statement as on 31.03.2021 - FY - 2020-21)

Sr. No.	Statement of Expenditure	Amount (Rs.)
1	Expenditure booked as per PFMS Statement From (01.04.2020 to 31.03.2021)	4031345.00
2	Actual Expenditure incurred as per cash book from (01.04.2020 to 31.03.2021)	3740945.00
	Difference	290400.00

#### PART - D

#### **SERIOUS OBSERVATIONS**

During audit we found that there were some serious observations such as laps in internal control, system weakness etc. in following manner:

#### 1. TDS NOT DEDUCTED

On checking of TDS records we noted that institute has paid amount of Rs.99,900/- to CDAC Mohali but TDS was not deducted under section 194J of Income tax at the time of payment by Institute. detail is mentioned below:

Date of Deducted	Particulars	Amount	TDS Should be deducted @ 10%	Observation
05.04.2021	Amount Paid to CDAC for providing training of one week for soft skills and basic computing.	99,900/-	9,990/-	TDS was not deducted by Institute at the time of payment.

# 2. <u>DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL EXPENDITURE INCURRED AS PER CASH BOOK</u>

During audit we noticed that there was difference between expenditure booked in PFMS Software and actual expenditure incurred as per cash book. The detail of PFMS reconciliation are mentioned below:

## PFMS reconciliation statement as on 31.03.2022 - FY - 2021-22)

Sr. No.	Statement of Expenditure	Amount (Rs.)
1	Expenditure booked as per PFMS Statement From (01.04.2021 to 31.03.2022)	2884073.00
2	Actual Expenditure incurred as per cash book from (01.04.2021 to 31.03.2022)	2959055.00
	Difference	74982.00

## 3. GST TDS DEDUCTED BY THE INSTITUTE ON GROSS AMOUNT OF BILL

During audit we found that in some cases GST TDS was deducted by the Institute on gross amount of bills instead of taxable value resulting into deduction of tax on tax. Details of these cases are given below:

Date	Particulars	Net Amount	GST TDS Deducted	GST TDS Should be deducted	Excess amount deducted
22.06.2021	Universal Engg.	295000.00	6962.00	5900.00	1062.00
22.06.2021	BSNL	377741.00	7708.00	7554.00	154.00

## 4. NON LEVY OF LIQUIDATED DAMAGES

On checking of procurement we found that expenditure incurred for purchase of Machinery & Equipments but supply was late provided by vendor or suppliers and No L.D. was deducted on payment of Vender & Supplier by Institute but As per Term & condition of contract liquidate damage should be charged for any delay in supply of goods and material. Liquidated Damages are charged at 0.5% of contract price per week after the stipulated date of delivery, subject to a maximum limit of 10% of contract price. Details are mentioned below:

Date of Payment	Name of Supplier	Amount	Method of purchase	Date of Supply as per agreement	Actual Delivery	No. of delay
5/26/2021	Wesco welding systems	249500/-	GEM	12.05.2021	26.05.2021	14 days
5/27/2021	Bansal industrial corporation	304440/-	TENDER	18.04.2021	14.06.2021	56 days
5/25/2021	Marks edpal instruments pvt ltd.	230100/-	TENDER	18.04.2021	18.06.2021	60 days

6/27/2021	Universal enginerring equipment corporation	348100/-	TENDER	16.04.2021	22.06.2021	66 days
6/18/2021	Bansal industrial corporation	447998/-	Gem	23.05.2021	22.06.2021	29 days
6/23/2021	Vee kay Systems	92040/-	Tender	16.04.2021	23.06.2021	67 days
6/23/2021	Vee kay Systems	62835/-	Tender	16.04.2021	23.06.2021	67 days

# 5. <u>VARIATION BETWEEN COST ESTIMATE (BUDGETARY) AND AWARDED PRICE</u>

While checking of procurement plan we found that in some of the cases there are variations exceeding 30% in budgetary cost estimates and final amount of awarded contracts. Details of these cases, are as follows:

Date of Payment	Name of Supplier	Name of Item	Award Amount	Estimate cost	Variation %
6/27/2021	Universal enginerring equipment corporation	Cylindrical grinder	348100	705000	102%
6/18/2021	Bansal industrial corporation	Lathe machine	447998	250000	79%
7/15/2021	Ons Tech solution	Numeraic 5kva online ups	475000	360000	32%
7/14/2021	Bansal industrial corporation	Drawing board stand	133195	75000	78%

## PART - E

## **OTHER OBSERVATIONS**

## 1. STATUS OF UTILISATION OF FUND

During audit we found that fund received and utilized during audit period as below:

Opening Balance as on 01.04.2021

Fund received during the period from (01.04.2021 to 31.03.2022)

Expenditure incurred during the period (01.04.2021 to 31.03.2022)

Balance as per bank as on 31.03.2022

0.00

## 2. CHECKING OF PROCUREMENT SECTION

Sr. No.	Particulars	Compliance from auditors Yes/ No	Comment of auditor
1	Goods and services financed have been procured in accordance with the relevant financing agreement and procurement norms as laid out in the operations manual.	Yes	No comments
2	Procurement processes being followed at the it is and State Societies are as per procurement Guidelines under STRIVE project as per Para 4.2 of the OM	Yes	No comments
3	Any Procurement related complaints received and time taken in disposal of each such complaints and verifying that no contracts excluded from the program have been awarded.	No	There was no procurement related complaints are reflected on website
4	Publication of Annual/ Quarterly procurement plan on Institute / SPIU website.	Yes	Institute procurement plan is uploaded on the web site www.itishahpur.org for the financial year 2021-22.
5	Selected Contractor/ Supplier/Service provider/ Consultant on World Banks list of temporarily suspended and debarred firms	No	No contract has been awarded to any firm by Institute, which is debarred by the World Bank.
6	Contract Award Notice (CAN) as per applicable format (Competitive selection, Request for Quotations Direct selection are uploaded on website/ Public domain against of each of the completed procurement (applicable in case of LOA/contract issued)	Yes	No comments
7	Any other section/ weakness reviewed on procurement	Yes	During audit period some weakness found in procurement section that is already given in audit report Part –D.

### PART - F

## EXECUTIVE SUMMARY AND SUGGESTIONS/RECOMMENDATIONS

## 1. TDS NOT DEDUCTED

On checking of TDS records we noted that institute has paid amount of Rs.99,900/- to CDAC Mohali but TDS was not deducted under section 194J of Income tax at the time of payment by Institute. detail is mentioned below:

Date of Deducted	Particulars	Amount	TDS Should be deducted @ 10%	Observation
05.04.2021	Amount Paid to CDAC for providing training of one week for soft skills and basic computing.	99,900/-	9,990/-	TDS was not deducted by Institute at the time of payment.

# 2. <u>DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL EXPENDITURE INCURRED AS PER CASH BOOK</u>

During audit we noticed that there was difference between expenditure booked in PFMS Software and actual expenditure incurred as per cash book. The detail of PFMS reconciliation are mentioned below:

## PFMS reconciliation statement as on 31.03.2022 - FY - 2021-22)

Sr. No.	Statement of Expenditure	Amount (Rs.)
-1	Expenditure booked as per PFMS Statement From (01.04.2021 to 31.03.2022)	2884073.00
2	Actual Expenditure incurred as per cash book from (01.04.2021 to 31.03.2022)	2959055.00
	Difference	74982.00

# 3. GST TDS DEDUCTED BY THE INSTITUTE ON GROSS AMOUNT OF BILL

During audit we found that in some cases GST TDS was deducted by the Institute on gross amount of bills instead of taxable value resulting into deduction of tax on tax. Details of these cases are given below:

Date	Particulars	Net Amount	GST TDS Deducted	GST TDS Should be deducted	Excess amount deducted
22.06.2021	Universal Engg.	295000.00	6962.00	5900.00	1062.00
22.06.2021	BSNL	377741.00	7708.00	7554.00	154.00

### 4. NON LEVY OF LIQUIDATED DAMAGES

On checking of procurement we found that expenditure incurred for purchase of Machinery & Equipments but supply was late provided by vendor or suppliers and No L.D. was deducted on payment of Vender & Supplier by Institute but As per Term & condition of contract liquidate damage should be charged for any delay in supply of goods and material. Liquidated Damages are charged at 0.5% of contract price per week after the stipulated date of delivery, subject to a maximum limit of 10% of contract price. Details are mentioned below:

Date of Payment	Name of Supplier	Amount	Method of purchase	Date of Supply as per agreement	Actual Delivery	No. of delay
5/26/2021	Wesco welding systems	249500/-	GEM	12.05.2021	26.05.2021	14 days
5/27/2021	Bansal industrial corporation	304440/-	TENDER	18.04.2021	14.06.2021	56 days
5/25/2021	Marks edpal instruments pvt ltd.	230100/-	TENDER	18.04.2021	18.06.2021	60 days
6/27/2021	Universal enginerring equipment corporation	348100/-	TENDER	16.04.2021	22.06.2021	66 days
6/18/2021	Bansal industrial corporation	447998/-	Gem	23.05.2021	22.06.2021	29 days
6/23/2021	Vee kay Systems	92040/-	Tender	16.04.2021	23.06.2021	67 days
6/23/2021	Vee kay Systems	62835/-	Tender	16.04.2021	23.06.2021	67 days

## 5. <u>VARIATION BETWEEN COST ESTIMATE (BUDGETARY) AND AWARDED</u>

### **PRICE**

While checking of procurement plan we found that in some of the cases there are variations exceeding 30% in budgetary cost estimates and final amount of awarded contracts. Details of these cases, are as follows:

Date of Payment	Name of Supplier	Name of Item	Award Amount	Estimate cost	Variation %
6/27/2021	Universal enginerring equipment corporation	Cylindrical grinder	348100	705000	102%
6/18/2021	Bansal industrial corporation	Lathe machine	447998	250000	79%
7/15/2021	Ons Tech solution	Numeraic 5kva online ups	475000	360000	32%
7/14/2021	Bansal industrial corporation	Drawing board stand	133195	75000	78%



## SKILLS STRENGTHENING FOR INDUSTRIAL VALUE ENHANCEMENT (STRIVE)

## (WORLD BANK FUNDED PROJECT)

## GOVT. INDUSTRIAL TRAINING INSTITUTE - SHAMSHI

## INTERNAL AUDIT REPORT FOR THE PERIOD FROM 01.04.2021 TO 31.03.2022

## PART – A BRIEF DETAIL OF THE AUDITEE AND AUDIT

a. Name and address of the Auditee

: Govt. Industrial Training Institute

Shamshi

b. Name of Auditors

: Agarwal A Kumar & Associates

c. Days of Audit

: 2

d. Period covered in the previous audit

: October 01, 2020 to March 31, 2021

e. Period covered in the current audit

: April 01, 2021 to March 31, 2022

#### PART - B

### **EXECUTIVE SUMMARY**

#### (a) Objective of Audit

We have conducted the Internal Audit of Govt. Industrial Training Institute Shamshi for the period from April 01, 2021 to March 31, 2022. We have carried out the audit in accordance with the standards on auditing promulgated by the Institute of Chartered Accountants of India and in accordance with the TOR as issued by the funding Agency International Development Association. It is the responsibility of the management to maintain the PFMS / PMIS as prescribe by the funding agency in cash system of accounting, fair and proper documentation, generation books and records, and the various Interim financial reports and annual statements, and to implement a proper internal control system commensurate with the size of the organization.

Our responsibility is to verify the books and accounts commensurate with the standard procedures and guidelines followed by the Project for the different level and to see that there is proper documentation and internal control in existence during the period of audit and to report the deficiencies, if any, existing in the operation of the Project.

## (b) Methodology of Audit

The Audit was conducted on the basis of the finalized Audit Program. After distribution of the audit work and responsibilities, the concerned staff performed their job and directly reported to Team Manager on daily basis. Internal Audit program was mainly focused on following areas:

- An assessment of whether the Project Financial Statements have been prepared in accordance with consistently applied Accounting Standards of the Institute of Chartered Accountants of India and gives a true and fair view of the operations of the Project during the year and the financial position of the Project at the close of the financial year.
- 2 An assessment of the adequacy of the Project financial management systems including internal controls. The financial management system should include methods and records established to identify, assemble, analyze, classify, record and report on transactions and to maintain accountability for the related assets and liabilities.
- 3 That all project funds have been used in accordance with the conditions of the relevant financing agreement, with due attention to transparency, economy and efficiency and only for the purposes for which the financing was provided.
- 4 All necessary supporting documents, records and books/ statements of accounts have been maintained and all necessary supporting documents such as records, vouchers, bids etc. and books of accounts have been kept in respect of all project expenditures.
- 5 Identify the expenditure which are covered in accordance with the allocation described in "Operational Manual" under section 4 "Fiduciary Systems" para 4.1 " Financial Management" under sub para 4.2.3 "Eligible and Ineligible Procurement Expenditure" as eligible and segregate these from non-eligible items.
- 6 Clear linkages exist between the books of accounts maintained for the expenditures and reports presented for the expenditure incurred.
- 7 That test check and verification of the activities were conducted for the project as planned and that they were in line with the agreed loan agreement.
- 8 Verify the eligibility of expenditures for SoE disbursement and separately report upon ineligible expenditure claimed if any.

## (c) Status of implementation of the Public Financial Management System

During audit we noted that "Public Financial Management System" has been implemented during period from April 01, 2021 to March 31, 2022.

#### (d) Status of Compliance of previous audit report

During audit we noted that the compliance of the observations of previous internal audit report have not been done.

#### (e) Key areas of weakness

During audit we noted that there were some key areas of weakness regarding procedural Lapse for the period from April 01, 2021 to March 31, 2022, Details are given in part D.

#### PART - C

#### COMPLIANCE OF PREVIOUS AUDIT REPORT

During audit we noted that the compliance of the observations of previous internal audit report have not been done.

# 1. <u>DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL EXPENDITURE INCURRED AS PER CASH BOOK</u>

During audit we noticed that there was difference between expenditure booked in PFMS Software and actual expenditure incurred as per cash book. The detail of PFMS reconciliation are mentioned below:

#### PFMS reconciliation statement as on 31.03.2021 - FY - 2020-21)

Sr. No.	Statement of Expenditure	Amount (Rs.)
1	Expenditure booked as per PFMS Statement From (01.04.2020 to 31.03.2021)	6791959.00
2	Actual Expenditure incurred as per cash book from (01.04.2020 to 31.03.2021)	6746503.00
	Difference	45456.00

#### 2. NO IDENTIFICATION MARK SHOWN ON THE FIXED ASSETS

We checked the Fixed Assets Register and found that consumable and non consumable items were shown in same register. There is no segregation of items. Further we have checked the Physically fixed assets and noted that there were no identification of mark shown on the Fixed Assets.

#### Recommendation

We recommend that As per "Operational Manual" under section 4" para 4.1.3.4 "page no. 320 Each asset must be physically marked with a number, where in such number must be recorded along with the Asset Location in the Asset Register.

#### PART - D

#### SERIOUS OBSERVATIONS

During audit we found that there were some serious observations such as laps in internal control, system weakness etc. in following manner:

#### 1. NO IDENTIFICATION MARK SHOWN ON THE FIXED ASSETS

We checked the Fixed Assets Register and found that consumable and non consumable items were shown in same register. There is no segregation of items. Further we have checked the Physically fixed assets and noted that there were no identification of mark shown on the Fixed Assets.

#### Recommendation

We recommend that As per "Operational Manual" under section 4" para 4.1.3.4 "page no. 320 Each asset must be physically marked with a number, where in such number must be recorded along with the Asset Location in the Asset Register.

#### PART - E

#### OTHER OBSERVATIONS

#### 1. STATUS OF UTILISATION OF FUND

During audit we found that fund received and utilized during audit period as below:

 Opening Balance as on 01.04.2021
 53497.00

 Fund received during the period from (01.04.2021 to 31.03.2022)
 467040.00

 Total fund
 520537.00

 Expenditure incurred during the period (01.04.2021 to 31.03.2022)
 520537.00

 Balance as per bank as on 31.03.2022
 0.00

# 2. EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL EXPENDITURE INCURRED AS PER CASH BOOK

During audit we noticed that there was no difference between expenditure booked in PFMS Software and actual expenditure incurred as per cash book. The detail of PFMS reconciliation are mentioned below:

# PFMS reconciliation statement as on 31.03.2022 - FY - 2021-22)

Sr. No.	Statement of Expenditure	Amount (Rs.)
1	Expenditure booked as per PFMS Statement From (01.04.2021 to 31.03.2022)	520537.00
2	Actual Expenditure incurred as per cash book from (01.04.2021 to 31.03.2022)	520537.00
	Difference	0.00

# 3. CHECKING OF PROCUREMENT PROCEDURE

During audit we noted that Institute has followed the procurement procedure for purchase. Detail of these procurement are given below:

Date of Payment	Name of the Supplier	Name of the Item	Total	Method
14.06.2021	M/s Aryan Enterprises	Oxygen Gas Cylender etc.	9162	Quotations
13.06.2021	M/s Blue Gem technologies	Belding Cable coper	21488	Quotations
14.06.2021	M/s Newage Logic System	ARC Belding Gas Black	4564	Quotations
21.06.2021	M/s Blue Gem technologies	AG 4 Grinder	5284	Quotations
17.06.2021	M/s Swiss times	Mobile for electronic trade	12999	Quotations
26.02.2022	M/s Paramount IT Solution	Desktop computer	467040	Gem

# 4. CHECKING OF OTHER PROCUREMENT SECTION

Sr. No.	Particulars	Compliance from auditors Yes/ No	Comment of auditor
1	Goods and services financed have been procured in accordance with the relevant financing agreement and procurement norms as laid out in the operations manual.	Yes	No comments
2	Procurement processes being followed at the it is and State Societies are as per procurement Guidelines under STRIVE project as per Para 4.2 of the OM	Yes	No comments

3	Any Procurement related complaints received and time taken in disposal of each such complaints and verifying that no contracts excluded from the program have been awarded.	No	There was no procurement related complaints are reflected on website
4	Publication of Annual/ Quarterly procurement plan on Institute / SPIU website.	Yes	Institute procurement plan is uploaded on the web site www.itishmashi.org for the financial year 2021-22.
5	Selected Contractor/ Supplier/Service provider/ Consultant on World Banks list of temporarily suspended and debarred firms	No	No contract has been awarded to any firm by Institute, which is debarred by the World Bank.
	Contract Award Notice (CAN) as per applicable format (Competitive selection, Request for Quotations Direct selection are uploaded on website/ Public domain against of each of the completed procurement (applicable in case of LOA/contract issued)	Yes	No comments
7	Any other section/ weakness reviewed on procurement	Yes	During audit period some weakness found in procurement section that is already given in audit report Part –D.

#### PART - F

# EXECUTIVE SUMMARY AND SUGGESTIONS/RECOMMENDATIONS

# 1. NO IDENTIFICATION MARK SHOWN ON THE FIXED ASSETS

We checked the Fixed Assets Register and found that consumable and non consumable items were shown in same register. There is no segregation of items. Further we have checked the Physically fixed assets and noted that there were no identification of mark shown on the Fixed Assets.

#### Recommendation

We recommend that As per "Operational Manual" under section 4" para 4.1.3.4 "page no. 320 Each asset must be physically marked with a number, where in such number must be recorded along with the Asset Location in the Asset Register.

# SKILLS STRENGTHENING FOR INDUSTRIAL VALUE ENHANCEMENT (STRIVE) (WORLD BANK FUNDED PROJECT)

#### GOVT. INDUSTRIAL TRAINING INSTITUTE - SOLAN

## INTERNAL AUDIT REPORT FOR THE PERIOD FROM 01.04.2021 TO 31.03.2022

#### PART - A BRIEF DETAIL OF THE AUDITEE AND AUDIT

a. Name and address of the Auditee

: Govt. Industrial Training Institute

Solan

b. Name of Auditors

: Agarwal A Kumar & Associates

c. Days of Audit

: 2

d. Period covered in the previous audit

: October 01, 2020 to March 31,2021

e. Period covered in the current audit

: April 01, 2021 to March 31,2022

#### PART - B

#### EXECUTIVE SUMMARY

#### (a) Objective of Audit

We have conducted the Internal Audit of Govt. Industrial Training Institute Solan for the period from April 01, 2021 to March 31, 2022. We have carried out the audit in accordance with the standards on auditing promulgated by the Institute of Chartered Accountants of India and in accordance with the TOR as issued by the funding Agency International Development Association. It is the responsibility of the management to maintain the PFMS / PMIS as prescribe by the funding agency in cash system of accounting, fair and proper documentation, generation books and records, and the various Interim financial reports and annual statements, and to implement a proper internal control system commensurate with the size of the organization.

Our responsibility is to verify the books and accounts commensurate with the standard procedures and guidelines followed by the Project for the different level and to see that there is proper documentation and internal control in existence during the period of audit and to report the deficiencies, if any, existing in the operation of the Project.

#### (b) Methodology of Audit

The Audit was conducted on the basis of the finalized Audit Program. After distribution of the audit work and responsibilities, the concerned staff performed their job and directly reported to Team Manager on daily basis. Internal Audit program was mainly focused on following areas:

- An assessment of whether the Project Financial Statements have been prepared in accordance with consistently applied Accounting Standards of the Institute of Chartered Accountants of India and gives a true and fair view of the operations of the Project during the year and the financial position of the Project at the close of the fiscal year.
- 2 An assessment of the adequacy of the Project financial management systems including internal controls. The financial management system should include methods and records established to identify, assemble, analyze, classify, record and report on transactions and to maintain accountability for the related assets and liabilities.
- 3 That all project funds have been used in accordance with the conditions of the relevant financing agreement, with due attention to transparency, economy and efficiency and only for the purposes for which the financing was provided.
- 4 All necessary supporting documents, records and books/ statements of accounts have been maintained and all necessary supporting documents such as records, vouchers, bids etc. and books of accounts have been kept in respect of all project expenditures.
- 5 Identify the expenditure which are covered in accordance with the allocation described in "Operational Manual" under section 4 "Fiduciary Systems" para 4.1 " Financial Management" under sub para 4.2.3 "Eligible and Ineligible Procurement Expenditure" as eligible and segregate these from non-eligible items.
- 6 Clear linkages exist between the books of accounts maintained for the expenditures and reports presented for the expenditure incurred.
- 7 That test check and verification of the activities were conducted for the project as planned and that they were in line with the agreed loan agreement.
- 8 Verify the eligibility of expenditures for SoE disbursement and separately report upon ineligible expenditure claimed if any.

#### (c) Status of implementation of the Public Financial Management System

During audit we noted that "Public Financial Management System" has been implemented during period from April 01, 2021 to March 31, 2022.

#### (d) Status of Compliance of previous audit report

During audit we noted that the compliance of the observations of previous internal audit report have not been done.

#### (e) Key areas of weakness

During audit we noted that there were some key areas of weakness regarding procedural lapse for the period from April 01, 2021 to March 31, 2022, Details are given in part D.

#### PART - C

#### COMPLIANCE OF PREVIOUS AUDIT REPORT

During audit we noted that the compliance of the observations of previous internal audit report have not been done.

#### 1. EXCESS PAYMENT MADE TO VENDOR

During audit we found that in one case Institute has excess payment made to vendor, detail of this case is given below:

Date of Payment	Particulars	Amount Should be Paid	Actual amount Paid	Excess Amount should be recovered
31.03.2021	M/s Asha Enterprises for purchases of software.	6,48,987/-	6,69,060/-	20,073/-

<u>Auditors' Comments</u>: Excess amount paid has been recovered now. Compliance has been made.

#### 2. NON LEVY OF LIQUIDATED DAMAGES

On checking of procurement we found that expenditure incurred for purchase of Machinery & Equipments but supply was late provided by vendor or suppliers and No L.D. was deducted on payment of Vender & Supplier by Institute but As per Term & condition of contract liquidate damage should be charged for any delay in supply of goods and material. Liquidated Damages are charged at 0.5% of contract price per week after the stipulated date of delivery, subject to a maximum limit of 10% of contract price. Details are mentioned below:

Contract No.	Date of Payment	Particulars	Date of Delivery as per Contract	Amount	Actual Date of Delivery	Delay
GEMC- 51168778 7484676	30.03.2021	Amount Paid to M/s Asha Enterprises for purchases of Wheel Alignment Equipments.	24.12.2020	4,49,950/-	18.01.2021	25 Days

# 3. <u>DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL EXPENDITURE INCURRED AS PER CASH BOOK</u>

During audit we noticed that there was difference between expenditure booked in PFMS Software and actual expenditure incurred as per cash book. The detail of PFMS reconciliation are mentioned below:

#### PFMS reconciliation statement as on 31.03.2021 - FY - 2020-21)

Sr. No.	Statement of Expenditure	Amount (Rs.)
1	Expenditure booked as per PFMS Statement From (01.04.2020 to 31.03.2021)	1619010.00
2	Actual Expenditure incurred as per cash book from (01.04.2020 to 31.03.2021)	1639425.22
	Difference	20415.22

# 4. GST TDS DEDUCTED BY THE INSTITUTE ON GROSS AMOUNT OF BILL

During audit we found that in one case GST TDS was deducted by the Institute on gross amount of bill instead of taxable value resulting into deduction of tax on tax. Detail of this case is given below:

Date	Particulars	Net Amount	GST TDS Deducted	GST TDS Should be deducted	Excess amount deducted
30.03.2021	M/s Asha Enterprises	381313.00	9000.00	7626.00	1374.00

#### PART - D

#### SERIOUS OBSERVATIONS

During audit we found that there were some serious observations such as laps in internal control, system weakness etc. in following manner:

#### 1. NON LEVY OF LIQUIDATED DAMAGES

On checking of procurement we found that expenditure incurred for purchase of Machinery & Equipments but supply was late provided by vendor or suppliers and No L.D. was deducted on payment of Vender & Supplier by Institute but As per Term & condition of contract liquidate damage should be charged for any delay in supply of goods and material. Liquidated Damages are charged at 0.5% of contract price per week after the stipulated date of delivery, subject to a maximum limit of 10% of contract price. Details are mentioned below:

Contract No.	Particulars	Date of Delivery as per Contract	Amount	Actual Date of Delivery	Delay
GEMC- 5116877419 8212	Payment made to Rama Electrical & machinery	01.09.2021	79200.00	05.10.2021	34 Days
GEMC- 5116877	Purchase of 2 seeter desk	30.08.2021	217190.00	09.09.2021	9 Days
GEMC- 5116877488 59900	Purchase of Spot velding Machine	15.08.2021	109500.00	21.08.2021	6 days
GEMC- 5116877	Purchase of tools	13.09.2021	435339.00	23.09.2021	11 days
GEMC- 5116877603 39803	Purchase of Plasma air cutting machine	12.09.2021	102960.00	05.10.2021	24 days

#### 2. <u>DELAY IN INSPECTION OF MATERIAL</u>

On checking of records we noted that material received from vender but delay in inspection of material, details are given below:

Contract No.	Particulars	Date of Material received	Date of Inspection
GEMC- 511687777199407	Purchase of Laptop and Bags	21.07.2021	05.08.2021
GEMC- 511687797548272	Purchase of Intertive Pannel	21.07.201	05.08.2021

#### 3. LABOUR CESS NOT DEDUCTED

During audit we found that in one case Institute has made payment for civil works but labour cess not deducted on contractor payment, details is given below:

Name of Work	Name of Contractor	Date of LOA issued	Award Amount	Remarks
Welder trade mirror civil alteration and maintenance work in IT	Deepak Singh	24.08.2021	358536.00	Labour cess not deducted on payment

#### 4. DELAY IN DEPOSIT OF GST

On checking of GST records we noted that institute has deducted the GST in payment of vendor but late deposited in the concerned department, detail is mentioned below:

Date of	GST	Due date of	Actual Date of deposit
Deducted	Deducted	Deposit	
31.07.2021	8581.00	07.08.2021	10.08.2021

#### 5. GST TDS DEDUCTED BY THE INSTITUTE ON GROSS AMOUNT OF BILL

During audit we found that in some of the cases GST TDS was deducted by the Institute on gross amount of bill instead of taxable value. Details of cases are given below:

Date	Particulars	Basic Amount	GST TDS Deducted	GST TDS Should be deducted	Excess amount deducted
05.08.2021	ANA Industrial Corporation	243643.00	5750.00	4873.00	877.00
06.08.2021	Exel Marketing	2067372.00	24395.00	20673.00	3722.00

# 6. <u>DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL EXPENDITURE INCURRED AS PER CASH BOOK</u>

During audit we noticed that there was difference between expenditure booked in PFMS Software and actual expenditure incurred as per cash book. The detail of PFMS reconciliation are mentioned below:

#### PFMS reconciliation statement as on 31.03.2022 - FY - 2021-22)

Sr. No.	Statement of Expenditure	Amount (Rs.)
1	Expenditure booked as per PFMS Statement From (01.04.2021 to 31.03.2022)	6473066.00
2	Actual Expenditure incurred as per cash book from (01.04.2021 to 31.03.2022)	7139999.00
	Difference	666933.00

#### PART - E

#### OTHER OBSERVATIONS

#### 1. CHECKING OF OTHER PROCUREMENT SECTION

Sr. No.	Particulars	Compliance from auditors Yes/ No	Comment of auditor
1	Goods and services financed have been procured in accordance with the relevant financing agreement and procurement norms as laid out in the operations manual.	Yes	No comments
2	Procurement processes being followed at the it is and State Societies are as per procurement Guidelines under STRIVE project as per Para 4.2 of the OM	Yes	No comments
3	Any Procurement related complaints received and time taken in disposal of each such complaints and verifying that no contracts excluded from the program have been awarded.	No	There was no procurement related complaints are reflected on website

4	Publication of Annual/ Quarterly procurement plan on Institute / SPIU website.	Yes	Institute procurement plan is uploaded on the web site www.itisolan.org.in for the financial year 2021-22.
5	Selected Contractor/ Supplier/Service provider/ Consultant on World Banks list of temporarily suspended and debarred firms	No	No contract has been awarded to any firm by Institute, which is debarred by the World Bank.
6	Contract Award Notice (CAN) as per applicable format (Competitive selection, Request for Quotations Direct selection are uploaded on website/Public domain against of each of the completed procurement (applicable in case of LOA/contract issued)	Yes	No comments
7	Any other section/ weakness reviewed on procurement	Yes	During audit period some weakness found in procurement section that is already given in audit report Part –D.

#### PART - F

### EXECUTIVE SUMMARY AND SUGGESTIONS/RECOMMENDATIONS

#### 1. NON LEVY OF LIQUIDATED DAMAGES

On checking of procurement we found that expenditure incurred for purchase of Machinery & Equipments but supply was late provided by vendor or suppliers and No L.D. was deducted on payment of Vender & Supplier by Institute but As per Term & condition of contract liquidate damage should be charged for any delay in supply of goods and material. Liquidated Damages are charged at 0.5% of contract price per week after the stipulated date of delivery, subject to a maximum limit of 10% of contract price. Details are mentioned below:

Contract No.	Particulars	Date of Delivery as per Contract	Amount	Actual Date of Delivery	Delay
GEMC- 5116877419 8212	Payment made to Rama Electrical & machinery	01.09.2021	79200.00	05.10.2021	34 Days
GEMC- 5116877	Purchase of 2 seeter desk	30.08.2021	217190.00	09.09.2021	9 Days
GEMC- 5116877488 59900	Purchase of Spot velding Machine	15.08.2021	109500.00	21.08.2021	6 days
GEMC- 5116877	Purchase of tools	13.09.2021	435339.00	23.09.2021	11 days
GEMC- 5116877603 39803	Purchase of Plasma air cutting machine	12.09.2021	102960.00	05.10.2021	24 days

#### 2. DELAY IN INSPECTION OF MATERIAL

On checking of records we noted that material received from vender but delay in inspection of material, details are given below:

Contract No.	Particulars	Date of Material received	Date of Inspection
GEMC- 511687777199407	Purchase of Laptop and Bags	21.07.2021	05.08.2021
GEMC- 511687797548272	Purchase of Intertive Pannel	21.07.201	05.08.2021

#### 3. LABOUR CESS NOT DEDUCTED

During audit we found that in one case Institute has payment made for civil works but labour cess not deducted on contractor payment, details is given below:

Name of Work	Name of Contractor	Date of LOA issued	Award Amount	Remarks
Welder trade mirror civil alteration and maintenance work in IT	Deepak Singh	24.08.2021	358536.00	Labour cess not deducted on payment

#### 4. DELAY IN DEPOSIT OF GST

On checking of GST records we noted that institute has deducted the GST in payment of vendor but late deposited in their concerned department, detail is mentioned below:

Date of	GST	Due date of	Actual Date of deposit
Deducted	Deducted	Deposit	
31.07.2021	8581.00	07.08.2021	10.08.2021

#### 5. GST TDS DEDUCTED BY THE INSTITUTE ON GROSS AMOUNT OF BILL

During audit we found that in some of the cases GST TDS was deducted by the Institute on gross amount of bill instead of taxable value. Details of cases are given below:

Date	Particulars	Basic Amount	GST TDS Deducted	GST TDS Should be deducted	Excess amount deducted
05.08.2021	ANA Industrial Corporation	243643.00	5750.00	4873.00	877.00
06.08.2021	Exel Marketing	2067372.00	24395.00	20673.00	3722.00

# 6. <u>DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL EXPENDITURE INCURRED AS PER CASH BOOK</u>

During audit we noticed that there was difference between expenditure booked in PFMS Software and actual expenditure incurred as per cash book. The detail of PFMS reconciliation are mentioned below:

#### PFMS reconciliation statement as on 31.03.2022 - FY – 2021-22)

Sr. No.	Statement of Expenditure	Amount (Rs.)
Ι	Expenditure booked as per PFMS Statement From (01.04.2021 to 31.03.2022)	6473066.00
2	Actual Expenditure incurred as per cash book from (01.04.2021 to 31.03.2022)	7139999.00
	Difference	666933.00



# SKILLS STRENGTHENING FOR INDUSTRIAL VALUE ENHANCEMENT (STRIVE) (WORLD BANK FUNDED PROJECT)

#### GOVT. INDUSTRIAL TRAINING INSTITUTE WOMEN - NALAGARH

# INTERNAL AUDIT REPORT FOR THE PERIOD FROM 01.04.2021 TO 31.03.2022

# PART - A BRIEF DETAIL OF THE AUDITEE AND AUDIT

a. Name and address of the Auditee

: Govt. Industrial Training Institute

Women - Nalagarh

b. Name of Auditors

: Agarwal A Kumar & Associates

c. Days of Audit

: 2

d. Period covered in the previous audit

: October 01, 2020 to March 31, 2021

e. Period covered in the current audit

: April 01, 2021 to March 31, 2022

#### PART - B

#### EXECUTIVE SUMMARY

#### (a) Objective of Audit

We have conducted the Internal Audit of Govt. Industrial Training Institute Women Nalagarh for the period from April 01, 2021 to March 31, 2022. We have carried out the audit in accordance with the standards on auditing promulgated by the Institute of Chartered Accountants of India and in accordance with the TOR as issued by the funding Agency International Development Association. It is the responsibility of the management to maintain the PFMS / PMIS as prescribe by the funding agency in cash system of accounting, fair and proper documentation, generation books and records, and the various Interim financial reports and annual statements, and to implement a proper internal control system commensurate with the size of the organization.

Our responsibility is to verify the books and accounts commensurate with the standard procedures and guidelines followed by the Project for the different level and to see that there is proper documentation and internal control in existence during the period of audit and to report the deficiencies, if any, existing in the operation of the Project.

#### (b) Methodology of Audit

The Audit was conducted on the basis of the finalized Audit Program. After distribution of the audit work and responsibilities, the concerned staff performed their job and directly reported to Team Manager on daily basis. Internal Audit program was mainly focused on following areas:

- An assessment of whether the Project Financial Statements have been prepared in accordance with consistently applied Accounting Standards of the Institute of Chartered Accountants of India and gives a true and fair view of the operations of the Project during the year and the financial position of the Project at the close of the fiscal year.
- An assessment of the adequacy of the Project financial management systems including internal controls. The financial management system should include methods and records established to identify, assemble, analyze, classify, record and report on transactions and to maintain accountability for the related assets and liabilities.
- That all project funds have been used in accordance with the conditions of the relevant financing agreement, with due attention to transparency, economy and efficiency and only for the purposes for which the financing was provided.
- 4 All necessary supporting documents, records and books/ statements of accounts have been maintained and all necessary supporting documents such as records, vouchers, bids etc. and books of accounts have been kept in respect of all project expenditures.
- 5 Identify the expenditure which are covered in accordance with the allocation described in "Operational Manual" under section 4 "Fiduciary Systems" para 4.1 " Financial Management" under sub para 4.2.3 "Eligible and Ineligible Procurement Expenditure" as eligible and segregate these from non-eligible items.
- 6 Clear linkages exist between the books of accounts maintained for the expenditures and reports presented for the expenditure incurred.
- 7 That test check and verification of the activities were conducted for the project as planned and that they were in line with the agreed loan agreement.
- 8 Verify the eligibility of expenditures for SoE disbursement and separately report upon ineligible expenditure claimed if any.

#### (c) Status of implementation of the Public Financial Management System

During audit we noted that "Public Financial Management System" has been implemented during period from April 01, 2021 to March 31, 2022.

#### (d) Status of Compliance of previous audit report

During audit we noted that the compliance of the observations of previous internal audit report have not been done.

#### (e) Key areas of weakness

During audit we noted that there were some key areas of weakness regarding procedural lapse for the period from April 01, 2021 to March 31, 2022. Details are given in part D.

#### PART - C

#### **COMPLIANCE OF PREVIOUS AUDIT REPORT**

During audit we noted that the compliance of the observations of previous internal audit report have not been done.

#### 1. TDS NOT DEDUCTED

On checking of TDS records we noted that institute has paid amount of Rs.35,400/- to Osaka consultancy but deducted TDS was not deducted under section 194J of Income tax at the time of payment by Institute. detail is mentioned below:

Date of Deducted	Particulars	Amount	TDS Should be deducted @ 10%	Observation
12.03.2021	Amount Paid to Osaka consultancy for professional charges.	35,400/-	3,540/-	TDS was not deducted by Institute at the time of payment.

#### 2. NON LEVY OF LIQUIDATED DAMAGES

On checking of procurement we found that expenditure incurred for purchase of Machinery & Equipments but supply was late provided by vendor or suppliers and No L.D. was deducted on payment of Vender & Supplier by Institute but As per Term & condition of contract liquidate damage should be charged for any delay in supply of goods and material. Liquidated Damages are charged at 0.5% of contract price per week after the stipulated date of delivery, subject to a maximum limit of 10% of contract price. Details are mentioned below:

Contract No.	Date of Payment	Particulars	Date of Delivery as per Contract	Amount	Actual Date of Delivery	Delay
GEMC- 5116877 3265702 2	24.03.2021	Amount Paid to Aru and New Era Network Solution Pvt Ltd. For purchase of Machinery & Equipments.	24.01.2021	6,72,680/-	27.01.2021	3 Days

# 3. <u>DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL EXPENDITURE INCURRED AS PER CASH BOOK</u>

During audit we noticed that there was difference between expenditure booked in PFMS Software and actual expenditure incurred as per cash book. The detail of PFMS reconciliation are mentioned below:

#### PFMS reconciliation statement as on 31.03.2021 - FY - 2020-21)

Sr. No.	Statement of Expenditure	Amount (Rs.)
1	Expenditure booked as per PFMS Statement From (01.04.2020 to 31.03.2021)	4515365.00
2	Actual Expenditure incurred as per cash book from (01.04.2020 to 31.03.2021)	3008551.22
	Difference	1506813.78

#### 4. NO IDENTIFICATION MARK SHOWN ON THE FIXED ASSETS

We checked the Fixed Assets Register and found that consumable and non Consumable items were shown in same register. There is no segregation of items. Further we have checked the Physically fixed assets and noted that there were no identification of mark shown on the Fixed Assets.

#### Recommendation

We recommend that As per "Operational Manual" under section 4" para 4.1.3.4 "page no. 320 Each asset must be physically marked with a number, where in such number must be recorded along with the Asset Location in the Asset Register.

#### PART - D

#### SERIOUS OBSERVATIONS

During audit we found that there were some serious observations such as laps in internal control, system weakness etc. in following manner:

## 1. REVISED FINANCIAL APPROVAL NOT TAKEN

While checking of books of accounts we observed that unit has incurred the expenditure exceed with sanction budget amount and not taken the revised financial approval, details are mentioned below:

Contract No.	Particulars	Bill Amount	Financial Approval	Remarks
GEMC- 51168771 8177608	Purchase of Digital Poddium from Asha Enterprises	491416.00	400000.00	Expenditure exceed with sanction budget amount and not taken
GEMC- 51168770 9733268	Purchase of Computerized single head multi needle embroidery machine	1057000.00	1000000.00	the revised financial approval

#### 2. TDS NOT DEDUCTED

While checking we observed that in one case Institute has made payment to Niesbud Noida for capacity building programme on entrepreneurship development for principal senior faculty from 23.08.2021 to 27.08.2021 of Rs.70,800/- (23600/- per person) but TDS not deducted on payment.

#### 3. BILL TAKEN WITHOUT DATE

On checking of procurement file we notice that payment made to Asha Enterprises for purchase of Digital Poddium of Rs 491416/- dated 23.07.2021 but bill was taken without date.

#### 4. NO IDENTIFICATION MARK SHOWN ON THE FIXED ASSETS

We checked the Fixed Assets Register and found that consumable and non consumable items were shown in same register. There is no segregation of items. Further we have checked the Physically fixed assets and noted that there were no identification of mark shown on the Fixed Assets.

#### Recommendation

We recommend that As per "Operational Manual" under section 4" para 4.1.3.4 "page no. 320 Each asset must be physically marked with a number, where in such number must be recorded along with the Asset Location in the Asset Register.

#### 5. MACHINE NOT INSTALLED

While checking of records we noted that payment made to supplier (Asha Enterprises) for purchase of digital poddium but machine was not installed. Details are mentioned below:

Contract	Particulars	Bill Amount	Remarks
GEMC- 51168771 8177608	Purchase of digital Poddium	491416.00	Expenditure incurred and payment made to supplier but machine not installed yet

#### 6. NON LEVY OF LIQUIDATED DAMAGES

On checking of procurement we found that expenditure incurred for purchase of Machinery & Equipments but supply was late provided by vendor or suppliers and No L.D. was deducted on payment of Vender & Supplier by Institute but As per Term & condition of contract liquidate damage should be charged for any delay in supply of goods and material. Liquidated Damages are charged at 0.5% of contract price per week after the stipulated date of delivery, subject to a maximum limit of 10% of contract price. Details are mentioned below:

Contract No.	Invoice date	Particulars	Date of Delivery as per Contract	Amount	Actual Date of Delivery	Delay
GEMC- 5116877 0973326 8	14.08.2021	Purchase of Computerized single head multi needle embroidery machine	23.07.2021	1057000	16.08.2021	23 days

#### PART - E

#### **OTHER OBSERVATIONS**

# 1. EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL EXPENDITURE INCURRED AS PER CASH BOOK

During audit we noticed that there was no difference between expenditure booked in PFMS Software and actual expenditure incurred as per cash book. The detail of PFMS Reconciliation are mentioned below:

#### PFMS reconciliation statement as on 31.03.2022 - FY - 2021-22)

Sr. No.	Statement of Expenditure	Amount (Rs.)
1	Expenditure booked as per PFMS Statement From (01.04.2021 to 31.03.2022)	2373491.00
2	Actual Expenditure incurred as per cash book from (01.04.2021 to 31.03.2022)	2373491.00
	Difference	0.00

#### 2. CHECKING OF OTHER PROCUREMENT SECTION

Sr. No.	Particulars	Compliance from auditors Yes/ No	Comment of auditor
1	Goods and services financed have been procured in accordance with the relevant financing agreement and procurement norms as laid out in the operations manual.	Yes	No comments
2	Procurement processes being followed at the it is and State Societies are as per procurement Guidelines under STRIVE project as per Para 4.2 of the OM	Yes	No comments
3	Any Procurement related complaints received and time taken in disposal of each such complaints and verifying that no contracts excluded from the program have been awarded.	No	There was no procurement related complaints are reflected on website
4	Publication of Annual/ Quarterly procurement plan on Institute / SPIU website.	Yes	Institute procurement plan is uploaded on the web site www.himachaliti. org/nalagarhwiti for the financial year 2021-22.

5	Selected Contractor/ Supplier/Service provider/ Consultant on World Banks list of temporarily suspended and debarred firms	No	No contract has been awarded to any firm by Institute, which is debarred by the World Bank.
6	Contract Award Notice (CAN) as per applicable format (Competitive selection, Request for Quotations Direct selection are uploaded on website/ Public domain against of each of the completed procurement (applicable in case of LOA/contract issued)	Yes	No comments
7	Any other section/ weakness reviewed on procurement	Yes	During audit period some weakness found in procurement section that is already given in audit report Part –D.

#### PART - F

# EXECUTIVE SUMMARY AND SUGGESTIONS/RECOMMENDATIONS

## 1. REVISED FINANCIAL APPROVAL NOT TAKEN

While checking of books of accounts we observed that unit has incurred the expenditure which exceeded the sanctioned budget amount and not taken the revised financial approval, details are mentioned below:

Contract No.	Particulars	Bill Amount	Financial Approval	Remarks
GEMC- 51168771 8177608	Purchase of Digitel Poddium from Asha Enterprises	491416.00	400000.00	Expenditure exceeded the sanctioned budget amount and not taken
GEMC- 51168770 9733268	Purchase of Computerized single head multi needle embroidery machine	1057000.00	1000000.00	the revised financial approval

#### 2. TDS NOT DEDUCTED

While checking we observed that in one case Institute has made payment to Niesbud Noida for capacity building programme on entrepreneurship development for principal senior faculty on 23.08.2021 to 27.08.2021 of Rs.70,800/- (23600/- per person) but TDS not deducted on payment.

#### 3. BILL TAKEN WITHOUT DATE

On checking of procurement file we notice that payment made to Asha Enterprises for purchase of Digital Poddium of Rs 491416/- dated 23.07.2021 but bill was taken without date.

#### 4. NO IDENTIFICATION MARK SHOWN ON THE FIXED ASSETS

We checked the Fixed Assets Register and found that consumable and non consumable items were shown in same register. There is no segregation of items. Further we have checked the Physically fixed assets and noted that there were no identification of mark shown on the Fixed Assets.

#### Recommendation

We recommend that As per "Operational Manual" under section 4" para 4.1.3.4 "page no. 320 Each asset must be physically marked with a number, where in such number must be recorded along with the Asset Location in the Asset Register.

#### 5. MACHINE NOT INSTALLED

While checking of records we noted that payment made to supplier (Asha Enterprises) for purchase of digital poddium but machine was not installed. Details are mentioned below:

Contract	Particulars	Bill Amount	Remarks
No.			×
GEMC-	Purchase of digital	491416.00	Expenditure incurred and payment
51168771	Poddium		made to supplier but machine not
8177608			installed yet

#### 6. NON LEVY OF LIQUIDATED DAMAGES

On checking of procurement we found that expenditure incurred for purchase of Machinery & Equipments but supply was late provided by vendor or suppliers and No L.D. was deducted on payment of Vender & Supplier by Institute but As per Term & condition of contract liquidate damage should be charged for any delay in supply of goods and material. Liquidated Damages are charged at 0.5% of contract price per week after the stipulated date of delivery, subject to a maximum limit of 10% of contract price. Details are mentioned below:

Contract No.	Invoice date	Particulars	Date of Delivery as per Contract	Amount	Actual Date of Delivery	Delay
GEMC- 51168770 9733268	14.08.2021	Purchase of Computeriz ed single head multi needle embroidery machine	23.07.2021	1057000	16.08.2021	23 days



# SKILLS STRENGTHENING FOR INDUSTRIAL VALUE ENHANCEMENT (STRIVE) (WORLD BANK FUNDED PROJECT)

#### BADDI TECHNICAL TRAINING INSTITUTE PVT. ITI - BBNIA

## INTERNAL AUDIT REPORT FOR THE PERIOD FROM 01.04.2021 TO 31.03.2022

#### PART - A BRIEF DETAIL OF THE AUDITEE AND AUDIT

a. Name and address of the Auditee

: Baddi Technical Training Institute Pvt.

ITI - BBNIA

b. Name of Auditors

: Agarwal A Kumar & Associates

c. Days of Audit

: 2

d. Period covered in the previous audit

: Not Applicable

e. Period covered in the current audit

: April 01, 2021 to March 31, 2022

#### PART - B

#### **EXECUTIVE SUMMARY**

#### (a) Objective of Audit

We have conducted the Internal Audit of Baddi Technical Training Institute Pvt. ITI - BBNIA for the period from April 01, 2021 to March 31, 2022. We have carried out the audit in accordance with the standards on auditing promulgated by the Institute of Chartered Accountants of India and in accordance with the TOR as issued by the funding Agency International Development Association. It is the responsibility of the management to maintain the PFMS / PMIS as prescribe by the funding agency in cash system of accounting, fair and proper documentation, generation books and records, and the various Interim financial reports and annual statements, and to implement a proper internal control system commensurate with the size of the organization.

Our responsibility is to verify the books and accounts commensurate with the standard procedures and guidelines followed by the Project for the different level and to see that there is proper documentation and internal control in existence during the period of audit and to report the deficiencies, if any, existing in the operation of the Project.



#### (b) Methodology of Audit

The Audit was conducted on the basis of the finalized Audit Program. After distribution of the audit work and responsibilities, the concerned staff performed their job and directly reported to Team Manager on daily basis. Internal Audit program was mainly focused on following areas:

- An assessment of whether the Project Financial Statements have been prepared in accordance with consistently applied Accounting Standards of the Institute of Chartered Accountants of India and gives a true and fair view of the operations of the Project during the year and the financial position of the Project at the close of the fiscal year.
- 2 An assessment of the adequacy of the Project financial management systems including internal controls. The financial management system should include methods and records established to identify, assemble, analyze, classify, record and report on transactions and to maintain accountability for the related assets and liabilities.
- 3 That all project funds have been used in accordance with the conditions of the relevant financing agreement, with due attention to transparency, economy and efficiency and only for the purposes for which the financing was provided.
- 4 All necessary supporting documents, records and books/ statements of accounts have been maintained and all necessary supporting documents such as records, vouchers, bids etc. and books of accounts have been kept in respect of all project expenditures.
- 5 Identify the expenditure which are covered in accordance with the allocation described in "Operational Manual" under section 4 "Fiduciary Systems" para 4.1 " Financial Management" under sub para 4.2.3 "Eligible and Ineligible Procurement Expenditure" as eligible and segregate these from non-eligible items.
- 6 Clear linkages exist between the books of accounts maintained for the expenditures and reports presented for the expenditure incurred.
- 7 That test check and verification of the activities were conducted for the project as planned and that they were in line with the agreed loan agreement.
- 8 Verify the eligibility of expenditures for SoE disbursement and separately report upon ineligible expenditure claimed if any.

#### (c) Status of implementation of the Public Financial Management System

During audit we noted that "Public Financial Management System" has been implemented during period from April 01, 2021 to March 31, 2022.

## (d) Status of Compliance of previous audit report

During audit, we have noted that compliances of previous audit report is not applicable.

#### (e) Key areas of weakness that need improvement

During audit we noted that there were some key areas of weakness regarding procedural Lapse for the period from April 01, 2021 to March 31, 2022, Details are given in part D.

#### PART - C

#### COMPLIANCE OF PREVIOUS AUDIT REPORT

During audit, we have noted that compliances of previous audit report is not applicable.

#### PART - D

#### SERIOUS OBSERVATIONS

During audit we found that there were some serious observations such as laps in internal control, system weakness etc. in following manner:

# 1. <u>DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL EXPENDITURE INCURRED AS PER CASH BOOK</u>

During audit we noticed that there was difference between expenditure booked in PFMS Software and actual expenditure incurred as per cash book. The detail of PFMS reconciliation are mentioned below:

## PFMS reconciliation statement as on 31.03.2022 - FY - 2021-22)

Sr. No.	Statement of Expenditure	Amount (Rs.)
1	Expenditure booked as per PFMS Statement From (01.04.2021 to 31.03.2022)	4214263.00
2	Actual Expenditure incurred as per cash book from (01.04.2021 to 31.03.2022)	2258837.00
	Difference	1955426.00

#### 2. LABOUR CESS NOT DEDUCTED IN PAYMENT OF CONTRACTOR

While checking of civil work payment we observed that in one case Institute has made Payment to contractor without deducted labour cess in contractor bill. The detail of this case is mentioned below:

Date	Name of Contractor	Amount	Labour cess should be deducted @ 1%	Observation
04.01.2022	Durga Enterprises Contractor	2,81,617/-	2,816/-	Payment made to Durga Enterprises contractor for civil work but Labour cess was not deducted in the payment of contractor bill by Institute.

Auditors' Comments: Compliance has been made.

#### 3. NO IDENTIFICATION MARK SHOWN ON THE FIXED ASSETS

We checked the Fixed Assets Register and found that consumable and non consumable items were shown in same register. There is no segregation of items. Further we have checked the Physically fixed assets and noted that there were no identification of mark shown on the Fixed Assets.

#### Recommendation

We recommend that As per "Operational Manual" under section 4" para 4.1.3.4 "page no. 320 Each asset must be physically marked with a number, where in such number must be recorded along with the Asset Location in the Asset Register.

#### 4. CHECKING OF PROCUREMENT PLAN

During the checking of procurement plan we noted that Institute has not uploaded the Procurement plan of FY 2021-22 on website.

#### PART - E

#### **OTHER OBSERVATIONS**

# 1. CHECKING OF PROCUREMENT SECTION

Sr. No.	Particulars	Compliance from auditors Yes/ No	Comment of auditor
1	Goods and services financed have been procured in accordance with the relevant financing agreement and procurement norms as laid out in the operations manual.	Yes	No comments
2	Procurement processes being followed at the it is and State Societies are as per procurement Guidelines under STRIVE project as per Para 4.2 of the OM	Yes	No comments
3	Any Procurement related complaints received and time taken in disposal of each such complaints and verifying that no contracts excluded from the program have been awarded.	No	There was no procurement related complaints are reflected on website
4	Publication of Annual/ Quarterly procurement plan on Institute / SPIU website.	No	Institute has not uploaded the Procurement plan of FY 2021-22 on website.
5	Selected Contractor/ Supplier/Service provider/ Consultant on World Banks list of temporarily suspended and debarred firms	No	No contract has been awarded to any firm by Institute, which is debarred by the World Bank.
6	Contract Award Notice (CAN) as per applicable format (Competitive selection, Request for Quotations Direct selection are uploaded on website/Public domain against of each of the completed procurement (applicable in case of LOA/contract issued)	Yes	No comments
7	Any other section/ weakness reviewed on procurement	Yes	During audit period some weakness found in procurement section that is already given in audit report Part –D.

#### PART - F

## EXECUTIVE SUMMARY AND SUGGESTIONS/RECOMMENDATIONS

# 1. <u>DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL EXPENDITURE INCURRED AS PER CASH BOOK</u>

During audit we noticed that there was difference between expenditure booked in PFMS Software and actual expenditure incurred as per cash book. The detail of PFMS reconciliation are mentioned below:

## PFMS reconciliation statement as on 31.03.2022 - FY - 2021-22)

Sr. No.	Statement of Expenditure	Amount (Rs.)	
1	Expenditure booked as per PFMS Statement From (01.04.2021 to 31.03.2022)	4214263.00	
2	Actual Expenditure incurred as per cash book from (01.04.2021 to 31.03.2022)	2258837.00	
	Difference	1955426.00	

### 2. <u>LABOUR CESS NOT DEDUCTED IN PAYMENT OF CONTRACTOR</u>

While checking of civil work payment we observed that in one case Institute has made Payment to contractor without deducted labour cess in contractor bill. The detail of this case is mentioned below:

Date	Name of Contractor	Amount	Labour cess should be deducted @ 1%	Observation
04.01.2022	Durga Enterprises Contractor	2,81,617/-	2,816/-	Payment made to Durga Enterprises contractor for civil work but Labour cess was not deducted in the payment of contractor bill by Institute.

<u>Auditors' Comments</u>: Compliance has been made.

#### 3. NO IDENTIFICATION MARK SHOWN ON THE FIXED ASSETS

We checked the Fixed Assets Register and found that consumable and non consumable items were shown in same register. There is no segregation of items. Further we have checked the Physically fixed assets and noted that there were no identification of mark shown on the Fixed Assets.

#### Recommendation

We recommend that As per "Operational Manual" under section 4" para 4.1.3.4 "page no. 320 Each asset must be physically marked with a number, where in such number must be recorded along with the Asset Location in the Asset Register.

#### 4. CHECKING OF PROCUREMENT PLAN

During the checking of procurement plan we noted that Institute has not uploaded the Procurement plan of FY 2021-22 on website.