

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

STATE PROJECT IMPLIMENT UNIT - SUNDERNAGAR

INTERNAL AUDIT REPORT FOR THE PERIOD FROM 01.10.2020 TO 31.03.2021

PART – A                      BRIEF DETAIL OF THE AUDITEE AND AUDIT

- a. Name and address of the Auditee                      : State Project Implement Unit Sundernagar  
b. Name of Auditors    : Agarwal A Kumar & Associates  
c. Days of Audit    : 2  
d. Period covered in the previous audit                      : April 01, 2020 to September 30,2020  
e. Period covered in the current audit                      : October 01, 2020 to March 31, 2021

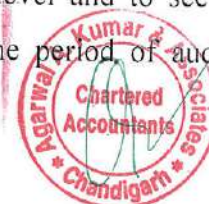
PART – B

EXECUTIVE SUMMARY

(a) Objective of Audit

We have conducted the Internal Audit of State Project Implement Unit- Sundernagar for the period from October 01, 2020 to March 31, 2021. 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 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 October 01, 2020 to March 31, 2021.

(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 October 01, 2020 to March 31, 2021, 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. CHECKING OF PROCUREMENT PROCEDURE

During audit we noted that in one case State Project Implementation unit (SPIU) has not followed the proper procurement procedure for procurement. Detail of this procurement is given below:

Date	Particulars	Amount (Rs)	Observations
14.10.2020	Amount paid to Manish Sood for Digital Signature Charges	7,500/-	Quotations were not taken.

2. STATUS OF OUTSTANDING ADVANCES

During the checking of ledger, we noted that advances was given to HHCS, HIPA of Rs.4,38,788/- but advance was not adjusted till 31<sup>st</sup> March 2021. Details are given below:

<b>Date of Given</b>	<b>Particulars</b>	<b>Outstanding Amount on 31.03.2021 (Rs)</b>	<b>Observations</b>
02.01.2021	Advance given to HHCS, HIPA	4,38,788.00	Advance amount was not adjusted till 31 <sup>st</sup> March 2021

**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 01.04.2020	15023693.00
Funds Received during 01.04.2020 to 31.03.2021	146000160.00
<u>Total Fund</u>	<u>161023853.00</u>
Expenditure incurred during the period (01.04.2020 to 31.03.2021)	142417284.00
Balance as per cash book as on 31.03.2021	<u>18606569.00</u>

**2. CHECKING OF PROCUREMENT PLAN**

During the checking of procurement plan we noted that State Project Implementation unit (SPIU) has been uploaded the Procurement plan on website [www.techedu.hp.gov.in](http://www.techedu.hp.gov.in) for financial year 2019-20 & 2020 -21.

3. During audit we found that there was no complaints related to procurement on website and there was no such entry was reflected on website on 31.03.2021.

**4. CHECKING OF CONTRACT AWARDS**

During the checking of contracts we noted that State Project Implementation unit (SPIU) has not awarded any contract to any firm or vendor that was debarred by World Bank.



**PART - F**

**EXECUTIVE SUMMARY AND SUGGESTIONS/RECOMMENDATIONS**

**1. CHECKING OF PROCUREMENT PROCEDURE**

During audit we noted that in one case State Project Implementation unit (SPIU) has not followed the proper procurement procedure for procurement. Detail of this procurement is given below:

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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 01.10.2020 TO 31.03.2021

PART – A

BRIEF DETAIL OF THE AUDITEE AND AUDIT

- |   |   |
|---|---|
| a. Name and address of the Auditee      | : IMC of Govt. Industrial Training Institute<br>(PWD) Sundernagar |
| b. Name of Auditors                     | : Agarwal A Kumar & Associates                                    |
| c. Days of Audit                        | : 2   |
| d. Period covered in the previous audit | : April 01, 2020 to September 30,2020                             |
| e. Period covered in the current audit  | : October 01, 2020 to March 31, 2021                              |

PART – B

EXECUTIVE SUMMARY

(a) Objective of Audit

We have conducted the Internal Audit of IMC of Govt. Industrial Training Institute (PWD) SunderNagar for the period from October 01, 2020 to March 31, 2021. 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 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.
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**(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 October 01, 2020 to March 31, 2021.

(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 October 01, 2020 to March 31, 2021, 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. 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:

<b>Date of given</b>	<b>Particulars</b>	<b>Outstanding Amount on 31.03.2021 (Rs)</b>	<b>Observations</b>
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 31 <sup>st</sup> 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:

<b>Contract No.</b>	<b>P.O. Date</b>	<b>Particulars</b>	<b>Date of Delivery as per Contract</b>	<b>Amount</b>	<b>Actual Date of Delivery</b>	<b>Delay</b>
GEMC-511687750347566	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. DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL 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 31.03.2021 - FY – 2020-21)**

<b>Sr. No.</b>	<b>Statement of Expenditure</b>	<b>Amount (Rs.)</b>
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. 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:

<b>Date</b>	<b>Particulars</b>	<b>Net Amount</b>	<b>GST TDS Deducted</b>	<b>GST TDS Should be deducted</b>	<b>Excess amount deducted</b>
10.11.2020	Pantron Automation Pvt Ltd. For purchase of Wheel Alignment Equipments.	2,83,898.00	6700.00	5676.00	1024.00

#### **5. 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 deducted TDS was not deducted at the time of payment by Institute. Detail is mentioned below:

<b>Date of Payment</b>	<b>Particulars</b>	<b>Amount</b>	<b>TDS Should be deducted @ 2%</b>	<b>Observation</b>
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.

#### **RECOMMENDATIONS**

Institute has given reply for point no. 1 to 5 but no valid reason or documentary evidences was given. We recommend that reply should be given with supporting documents with approvals of competent authority.

## **6. 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:

Fund received during the period from 01.04.2020 to 31.03.2021	
(A) First Installment	6672000.00
(B) Second Installment	1328000.00
<u>Total Fund</u>	<u>8000000.00</u>
Expenditure incurred during the period (01.04.2020 to 31.03.2021)	4307416.26
Balance as per bank as on 31.03.2021	<u>3692583.74</u>

#### **2. CHECKING OF PROCUREMENT PLAN**

During the checking of procurement plan we noted that Institute has been uploaded the Procurement plan on website [www.himachaliti.org/phsnriti](http://www.himachaliti.org/phsnriti) for financial year 2019-20 & 2020 -21.

3. During audit we found that there was no complaints related to procurement on website and there was no such entry was reflected on website on 31.03.2021.

#### 4. CHECKING OF CONTRACT AWARDS

During the checking of contracts we noted that Institute has not awarded any contract to any firm or vendor that was debarred by world bank.

#### PART - F

#### EXECUTIVE SUMMARY AND SUGGESTIONS/RECOMMENDATIONS

##### 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:

<b>Date of given</b>	<b>Particulars</b>	<b>Outstanding Amount on 31.03.2021 (Rs)</b>	<b>Observations</b>
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<b>Contract No.</b>	<b>P.O. Date</b>	<b>Particulars</b>	<b>Date of Delivery as per Contract</b>	<b>Amount</b>	<b>Actual Date of Delivery</b>	<b>Delay</b>
GEMC-51168775	04.01.2021	Amount Paid to M/s Asha	19.01.2021	4,99,000/-	29.01.2021	10 Days

0347566		Enterprises for purchases of Interactive Panels.				
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Date	Particulars	Net Amount	GST TDS Deducted	GST TDS Should be deducted	Excess amount deducted
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## **5. TDS NOT DEDUCTED**

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<b>Date of Payment</b>	<b>Particulars</b>	<b>Amount</b>	<b>TDS Should be deducted @ 2%</b>	<b>Observation</b>
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.

## **RECOMMENDATIONS**

Institute has given reply for point no. 1 to 5 but no valid reason or documentary evidences was given. We recommend that reply should be given with supporting documents/ approvals of competent authority.

## **6. NO IDENTIFICATION MARK SHOWN ON THE FIXED ASSETS**

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### **Recommendation**

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

GOVT. INDUSTRIAL TRAINING INSTITUTE - BAIJNATH

INTERNAL AUDIT REPORT FOR THE PERIOD FROM 01.10.2020 TO 31.03.2021

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 | : April 01, 2020 to September 30, 2020         |
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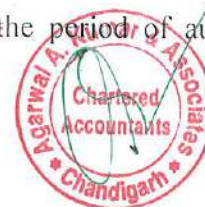
PART – B

EXECUTIVE SUMMARY

(a) Objective of Audit

We have conducted the Internal Audit of Govt. Industrial Training Institute Baijnath for the period from October 01, 2020 to March 31, 2021. 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**

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- 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.
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- 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 October 01, 2020 to March 31, 2021.

(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 that need improvement

During audit we noted that there were some key areas of weakness regarding procedural lapse for the period from October 01, 2020 to March 31, 2021, 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 TDS

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

Date of Deducted	Particulars	TDS Deducted	Due date of Deposit	Actual Date of deposit
01.10.2020	Satluj Document company.	19032.00	07.11.2020	02.12.2020

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
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.

### 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
08.02.2021	Shri Ashwani Chauhan contractor	4,91,700/-	4,917/-	Payment made to Ashwani Chauhan 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.

### 4. 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:

<b>Date</b>	<b>Particulars</b>	<b>Amount (Rs)</b>	<b>Observations</b>
08.02.2021	Electronic India	12,980/-	Amount paid to Electronic India for purchase of vacuum cleaner.  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:

Fund received during the period from 01.04.2020 to 31.03.2021

(A) First Installment	5755000.00
(B) Second Installment	1145000.00
<u>Total Fund</u>	<u>6900000.00</u>



Expenditure incurred during the period (01.04.2020 to 31.03.2021)	4507612.00
Balance as per bank as on 31.03.2021	<u>2392388.00</u>

## 2. CHECKING OF PROCUREMENT PLAN

During the checking of procurement plan we noted that Institute has uploaded the Procurement plan on website <http://www.govtitibaijnath.in> for financial year 2019-20 & 2020 -21.

3. During audit we found that there was no complaints related to procurement on website and there was no such entry was reflected on website on 31.03.2021.

## 4. CHECKING OF CONTRACT AWARDS

During the checking of contracts we noted that Institute has not awarded any contract to any firm or vendor that was debarred by world bank.

## PART - F

### EXECUTIVE SUMMARY AND SUGGESTIONS/RECOMMENDATIONS

#### 1. DELAY IN DEPOSIT OF TDS

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

Date of Deducted	Particulars	TDS Deducted	Due date of Deposit	Actual Date of deposit
01.10.2020	Satluj Document company.	19032.00	07.11.2020	02.12.2020

#### 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
09/10/2020	Satluj Document company	9,51,600/-	Payment made without deducted of GST TDS.
16/12/2020	Satluj Document 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.

### RECOMMENDATIONS

Institute has replied that GST registration certificate received on 28/05/2021, but TDS GST could have been deposited after receiving the registration certificate with interest and late fee which was not done. Hence, reply is not correct.

### 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
08.02.2021	Shri Ashwani Chauhan contractor	4,91,700/-	4,917/-	Payment made to Ashwani Chauhan contractor for civil work but Labour cess was not deducted in the payment of contractor bill by Institute.

## RECOMMENDATION

Institute has replied that labour cess was now deposited on 08/12/2021 after 10 months.

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.

## 4. 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:

<b>Date</b>	<b>Particulars</b>	<b>Amount (Rs)</b>	<b>Observations</b>
08.02.2021	Electronic India	12,980/-	Amount paid to Electronic India for purchase of vacuum cleaner.  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. INDUSTRIAL TRAINING INSTITUTE – BANGANA

INTERNAL AUDIT REPORT FOR THE PERIOD FROM 01.10.2020 TO 31.03.2021

PART – A                      BRIEF DETAIL OF THE AUDITEE AND AUDIT

- |   |  |
|---|--|
| a. Name and address of the Auditee      | : Govt. Industrial Training Institute<br>Bangana |
| b. Name of Auditors                     | : Agarwal A Kumar & Associates                   |
| c. Days of Audit                        | : 2  |
| d. Period covered in the previous audit | : April 01, 2020 to September 30,2020            |
| e. Period covered in the current audit  | : October 01, 2020 to March 31, 2021             |

PART – B

EXECUTIVE SUMMARY

(a) Objective of Audit

We have conducted the Internal Audit of Govt. Industrial Training Institute Bangana for the period from October 01, 2020 to March 31, 2021. 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 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 October 01, 2020 to March 31, 2021.



(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 October 01, 2020 to March 31, 2021, 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 TDS

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

Date of Deducted	Particulars	TDS Deducted	Due date of Deposit	Actual Date of deposit
29.01.2021	Bharat sanchar Nigam Ltd.	1170.00	07.02.2021	16.02.2021

## PART – E

### OTHER OBSERVATIONS

#### 1. CHECKING OF PROCUREMENT PROCEDURE

On checking of procurement we noted that Institute has followed the proper procurement procedure for purchase. Detail of these procurement are given below:

<b>Date</b>	<b>Particulars</b>	<b>Item</b>	<b>Amount (Rs)</b>	<b>Method</b>
10.02.2021	Mahindra & Mahindra Ltd.	M & M Utility Vehicle	1271226.00	GEM
26.02.2021	Satluj Document company	HP All in one commuter System.	959028.00	GEM

#### 2. STATUS OF UTILISATION OF FUND

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

Fund received during the period from 01.04.2020 to 31.03.2021

(A) First Installment	3670000.00
(B) Second Installment	731000.00
<u>Total Fund</u>	<u>4401000.00</u>
Expenditure incurred during the period (01.04.2020 to 31.03.2021)	2773995.00
Balance as per bank as on 31.03.2021	<u>1627005.00</u>

#### 3. CHECKING OF PROCUREMENT PLAN

During the checking of procurement plan we noted that Institute has been uploaded the Procurement plan on website [www.itibangana.in](http://www.itibangana.in) for financial year 2019-20 & 2020 -21.

During audit we found that there was no complaints related to procurement on website and there was no such entry was reflected on website on 31.03.2021.

#### **4. CHECKING OF CONTRACT AWARDS**

During the checking of contracts we noted that Institute has not awarded any contract to any firm or vendor that was debarred by world bank.

### **PART - F**

#### **EXECUTIVE SUMMARY AND SUGGESTIONS/RECOMMENDATIONS**

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

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

<b>Date of Deducted</b>	<b>Particulars</b>	<b>TDS Deducted</b>	<b>Due date of Deposit</b>	<b>Actual Date of deposit</b>
29.01.2021	Bharat sanchar Nigam Ltd.	1170.00	07.02.2021	16.02.2021



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

GOVT. INDUSTRIAL TRAINING INSTITUTE - BILASPUR

INTERNAL AUDIT REPORT FOR THE PERIOD FROM 01.10.2020 TO 31.03.2021

PART – A                      BRIEF DETAIL OF THE AUDITEE AND AUDIT

- |   |  |
|---|--|
| 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 | : April 01, 2020 to September 30,2020          |
| e. Period covered in the current audit  | : October 01, 2020 to March 31, 2021           |

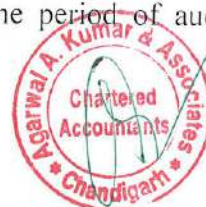
PART – B

EXECUTIVE SUMMARY

(a) Objective of Audit

We have conducted the Internal Audit of Govt. Industrial Training Institute Bilaspur for the period from October 01, 2020 to March 31, 2021. 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 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 October 01, 2020 to March 31, 2021

(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 October 01, 2020 to March 31, 2021, 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. 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 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 Enterprises	22.12.2020	2,15,340/-	30.12.2020	8 Days
GEMC- 51168774 1095761	17.02.2021	M/s Asha Enterprises	19.12.2020	2,42,406/-	30.12.2021	11 Days

### RECOMMENDATIONS

Institute has replied that late delivery of Machinery & Equipments was relaxed by GeM portal upto 90 days but no documentary evidence and approval of competent authority was available for the same. We recommend that proper reply with supporting documents should be given.

### 2. DELAY IN DEPOSIT OF TDS

On checking of TDS records we noted that institute has deducted the TDS in Payments of vendor but late deposited in their concerned department, details are mentioned below:

Date of Deducted	Particulars	TDS Deducted	Due date of Deposit	Actual Date of deposit
21.12.2020	Net computer Services	3441.00	07.01.2021	16.01.2021
21.12.2020	Ana Industrial corporation	6691.00	07.01.2021	16.01.2021

### 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. Detail of these cases are given below:

Date	Particulars	Net Amount	GST TDS Deducted	GST TDS Should be deducted	Excess amount deducted
21.12.2020	Net computer Services	327600.00	6882.00	6552.00	330.00

21.12.2020	Ana Industrial corporation	648988.00	13381.00	11340.00	2041.00
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#### **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 period as below:

Fund received for the period 01.04.2020 to 31.03.2021	8000000.00
Expenditure incurred during the period	<u>4273761.00</u>
Balance as per bank as on 31.03.2021	<u>3726239.00</u>

2. During audit we found that there was no complaints related to procurement on website and there was no such entry was reflected on website on 31.03.2021.

##### **3. CHECKING OF CONTRACT AWARDS**

During the checking of contracts we noted that Institute has not awarded any contract to any firm or vendor that was debarred by world bank.

**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.	Date of Payment	Particulars	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 Enterprises	22.12.2020	2,15,340/-	30.12.2020	8 Days
GEMC-51168774 1095761	17.02.2021	M/s Asha Enterprises	19.12.2020	2,42,406/-	30.12.2021	11 Days

**RECOMMENDATIOIS**

Institute has replied that late delivery of Machinery & Equipments was relaxed by GeM portal upto 90 days but no documentary evidence and approval of competent authority was available for the same. We recommend that proper reply with supporting documents should be given.

## **2. DELAY IN DEPOSIT OF TDS**

On checking of TDS records we noted that institute has deducted the TDS in Payments of vendor but late deposited in their concerned department, details are mentioned below:

<b>Date of Deducted</b>	<b>Particulars</b>	<b>TDS Deducted</b>	<b>Due date of Deposit</b>	<b>Actual Date of deposit</b>
21.12.2020	Net computer Services	3441.00	07.01.2021	16.01.2021
21.12.2020	Ana Industrial corporation	6691.00	07.01.2021	16.01.2021

## **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. Detail of these cases are given below:

<b>Date</b>	<b>Particulars</b>	<b>Net Amount</b>	<b>GST TDS Deducted</b>	<b>GST TDS Should be deducted</b>	<b>Excess amount deducted</b>
21.12.2020	Net computer Services	327600.00	6882.00	6552.00	330.00
21.12.2020	Ana Industrial corporation	648988.00	13381.00	11340.00	2041.00

## **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.







**(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 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 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 October 01, 2020 to March 31, 2021.



**(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 October 01, 2020 to March 31, 2021, 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. 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:

<b>Date</b>	<b>Particulars</b>	<b>Total Amount</b>	<b>Observations</b>
29/12/2020	Wood Square Technologies Pvt. Ltd.	3,00,000/-	Payment made without deducted of GST TDS.
01/02/2021	Mahindra & Mahindra Ltd.	10,81,390/-	Payment made without deducted of GST TDS.

## **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.

## **3. CHECKING OF PROCUREMENT PLAN**

During the checking of procurement plan we noted that Institute has been uploaded the Procurement plan on website [www.ssgovtitijawali.org](http://www.ssgovtitijawali.org) for financial year 2019-20 but Procurement plan of FY 2020 -21 was not uploaded on website till 31<sup>st</sup> march 2021.

## **PART – E**

### **OTHER OBSERVATIONS**

#### **1. STATUS OF UTILISATION OF FUND**

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

Fund received during the period from 01.04.2020 to 31.03.2021	
(A) First Installment	4670000.00
(B) Second Installment	930000.00
<u>Total Fund</u>	<u>5600000.00</u>
Expenditure incurred during the period (01.04.2020 to 31.03.2021)	5492995.00
Balance as per bank as on 31.03.2021	<u>107005.00</u>

2. During audit we found that there was no complaints related to procurement on website and there was no such entry was reflected on website on 31.03.2021.

### **3. CHECKING OF CONTRACT AWARDS**

During the checking of contracts we noted that Institute has not awarded any contract to any firm or vendor that was debarred by world bank.

## **PART - F**

### **EXECUTIVE SUMMARY AND SUGGESTIONS/RECOMMENDATIONS**

#### **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:

<b>Date</b>	<b>Particulars</b>	<b>Total Amount</b>	<b>Observations</b>
29/12/2020	Wood Square Technologies Pvt. Ltd.	3,00,000/-	Payment made without deducted of GST TDS.
01/02/2021	Mahindra & Mahindra Ltd.	10,81,390/-	Payment made without deducted of GST TDS.

#### **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.

#### **3. CHECKING OF PROCUREMENT PLAN**

During the checking of procurement plan we noted that Institute has been uploaded the Procurement plan on website [www.ssgovtiti Jawali.org](http://www.ssgovtiti Jawali.org) for financial year 2019-20 but Procurement plan of FY 2020 -21 was not uploaded on website till 31<sup>st</sup> march 2021.



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

GOVT. INDUSTRIAL TRAINING INSTITUTE - JOGINDERNAGAR

INTERNAL AUDIT REPORT FOR THE PERIOD FROM 01.10.2020 TO 31.03.2021

PART – A                      BRIEF DETAIL OF THE AUDITEE AND AUDIT

- |   |   |   |
|---|---|---|
| a. Name and address of the Auditee      | : | Govt Industrial Training Institute<br>Jogindernagar |
| b. Name of Auditors                     | : | Agarwal A Kumar & Associates                        |
| c. Days of Audit                        | : | 2   |
| d. Period covered in the previous audit | : | April 01, 2020 to September 30,2020                 |
| e. Period covered in the current audit  | : | October 01, 2020 to March 31, 2021                  |

PART – B

EXECUTIVE SUMMARY

(a) Objective of Audit

We have conducted the Internal Audit of Govt. Industrial Training Institute Jogindernagar for the period from October 01, 2020 to March 31, 2021. 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 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 October 01, 2020 to March 31, 2021.



**(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 October 01, 2020 to March 31, 2021, 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**

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:

<b>Date of Deducted</b>	<b>Particulars</b>	<b>GST Deducted</b>	<b>Due date of Deposit</b>	<b>Actual Date of deposit</b>
03.08.2020	Shailendra Kumar Rana	10800.00	10.09.2020	03.10.2020

**2. GST TDS DEDUCTED BY THE INSTITUTE ON GROSS AMOUN 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. Detail of these cases are given below:



Date	Particulars	Net Amount	GST TDS Deducted	GST TDS Should be deducted	Excess amount deducted
27.01.2021	Amount Paid to Mahindra & Mahindra Ltd for Purchase of Vehicle.	730270.00	21616.00	14605.00	7011.00
06.02.2021	Amount Paid to Tangent Infocom Pvt Ltd. for Purchase of Desktop.	1288000.00	30397.00	25760.00	4637.00

### **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. STATUS OF UTILISATION OF FUND**

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

Fund received during the period from 01.04.2020 to 31.03.2021

(A) First Installment	3586000.00
(B) Second Installment	714000.00

<u>Total Fund</u>	<u>4300000.00</u>
Expenditure incurred during the period (01.04.2020 to 31.03.2021)	4300000.00
Balance as per bank as on 31.03.2021	<u>NIL</u>

## 2. CHECKING OF PROCUREMENT PLAN

During the checking of procurement plan we noted that Institute has been uploaded the Procurement plan on website [www.itijoginder.org](http://www.itijoginder.org). for financial year 2019-20 & 2020 -21.

During audit we found that there was no complaints related to procurement on website and there was no such entry was reflected on website on 31.03.2021.

## 3. CHECKING OF CONTRACT AWARDS

During the checking of contracts we noted that Institute has not awarded any contract to any firm or vendor that was debarred by world bank.

## PART - F

### EXECUTIVE SUMMARY AND SUGGESTIONS/RECOMMENDATIONS

#### 1. 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 Deducted	Particulars	GST Deducted	Due date of Deposit	Actual Date of deposit
03.08.2020	Shailendra Kumar Rana	10800.00	10.09.2020	03.10.2020

#### 2. 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. Detail of these cases are given below:

Date	Particulars	Net Amount	GST TDS Deducted	GST TDS Should be deducted	Excess amount deducted
27.01.2021	Amount Paid to Mahindra & Mahindra Ltd for Purchase of Vehicle.	730270.00	21616.00	14605.00	7011.00
06.02.2021	Amount Paid to Tangent Infocom Pvt Ltd. for Purchase of Desktop.	1288000.00	30397.00	25760.00	4637.00

### **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 – JUBBAL

INTERNAL AUDIT REPORT FOR THE PERIOD FROM 01.10.2020 TO 31.03.2021

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 | : April 01, 2020 to September 30,2020        |
| e. Period covered in the current audit  | : October 01, 2020 to March 31, 2021         |

PART – B

EXECUTIVE SUMMARY

(a) Objective of Audit

We have conducted the Internal Audit of Govt. Industrial Training Institute Jubbal for the period from October 01, 2020 to March 31, 2021. 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 October 01, 2020 to March 31, 2021.



**(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 October 01, 2020 to March 31, 2021, 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.45,000/- to Naketa taxi service but TDS was not deducted as per of Income tax act 1961 at the time of payment by Institute. detail is mentioned

below:

<b>Date of Deducted</b>	<b>Particulars</b>	<b>Amount</b>	<b>TDS Should be deducted</b>	<b>Observation</b>
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.



**2. 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:

<b>Date</b>	<b>Particulars</b>	<b>Net Amount</b>	<b>GST TDS Deducted</b>	<b>GST TDS Should be deducted</b>	<b>Excess amount deducted</b>
07.12.2020	M2 E Comcare	344822.00	8108.00	6896.00	1212.00
11.02.2021	Skyline Global Traders	218400.00	5154.00	4368.00	786.00

**PART – E**

**OTHER OBSERVATIONS**

**1. STATUS OF UTILISATION OF FUND**

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

Fund received for the period 01.04.2020 to 31.03.2021	2799000.00
Expenditure incurred during the period	1629822.48
Balance as per bank as on 31.03.2021	<u>1169177.52</u>

**2. CHECKING OF PROCUREMENT PLAN**

During the checking of procurement plan we noted that Institute has been uploaded the Procurement plan on website [www.itijubbalhp.org](http://www.itijubbalhp.org) for financial year 2019-20 & 2020 -21.

3. During audit we found that there was no complaints related to procurement on website and there was no such entry reflected on website on 31.03.2021.

#### 4. CHECKING OF CONTRACT AWARDS

During the checking of contracts we noted that Institute has not awarded any contract to any firm or vendor that was debarred by world bank.

#### 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.45,000/- to Naketa taxi service but deducted TDS was not deducted as per Income tax act 1961 at the time of payment by Institute. detail is mentioned below:

Date of Deducted	Particulars	Amount	TDS Should be deducted	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.

##### 2. 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
07.12.2020	M2 E Comcare	344822.00	8108.00	6896.00	1212.00
11.02.2021	Skyline Global Traders	218400.00	5154.00	4368.00	786.00



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

GOVT. INDUSTRIAL TRAINING INSTITUTE - KULLU

INTERNAL AUDIT REPORT FOR THE PERIOD FROM 01.10.2020 TO 31.03.2021

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 | : April 01, 2020 to September 30,2020       |
| e. Period covered in the current audit  | : October 01, 2020 to March 31, 2021        |

PART – B

EXECUTIVE SUMMARY

(a) Objective of Audit

We have conducted the Internal Audit of Govt. Industrial Training Institute Kullu for the period from October 01, 2020 to March 31, 2021. 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 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 October 01, 2020 to March 31, 2021.

**(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 October 01, 2020 to March 31, 2021, 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. DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL 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 31.03.2021 - FY – 2020-21)**

<b>Sr. No.</b>	<b>Statement of Expenditure</b>	<b>Amount (Rs.)</b>
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



## **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 – E**

### **OTHER OBSERVATIONS**

#### **1. STATUS OF UTILISATION OF FUND**

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

Fund received during the period from 01.04.2020 to 31.03.2021	
(A) First Installment	4087000.00
(B) Second Installment	813000.00
<u>Total Fund</u>	<u>4900000.00</u>
Expenditure incurred during the period (01.04.2020 to 31.03.2021)	3794770.00
Balance as per bank as on 31.03.2021	<u>1105230.00</u>

2. During audit we found that there was no complaints related to procurement on website and there was no such entry reflected on website on 31.03.2021.

#### **3. CHECKING OF CONTRACT AWARDS**

During the checking of contracts we noted that Institute has not awarded any contract to any firm or vendor that was debarred by world bank.

**PART - F**

**EXECUTIVE SUMMARY AND SUGGESTIONS/RECOMMENDATIONS**

**1. DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL 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 31.03.2021 - 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

**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.



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

GOVT. INDUSTRIAL TRAINING INSTITUTE - MANDI

INTERNAL AUDIT REPORT FOR THE PERIOD FROM 01.10.2020 TO 31.03.2021

PART – A                      BRIEF DETAIL OF THE AUDITEE AND AUDIT

- |   |   |
|---|---|
| a. Name and address of the Auditee      | : Govt. Industrial Training Institute Mandi |
| b. Name of Auditors                     | : Agarwal A Kumar & Associates              |
| c. Days of Audit                        | : 2   |
| d. Period covered in the previous audit | : April 01, 2020 to September 30,2020       |
| e. Period covered in the current audit  | : October 01, 2020 to March 31, 2021        |

PART – B

EXECUTIVE SUMMARY

(a) Objective of Audit

We have conducted the Internal Audit of Govt. Industrial Training Institute Mandi for the period from October 01, 2020 to March 31, 2021. 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 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 October 01, 2020 to March 31, 2021.

**(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 October 01, 2020 to March 31, 2021, 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. DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL 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 31.03.2021 - 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.	30.09.2020	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	4,9,800/-	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 Squire Technologies Pvt Ltd.	2,93,149/-	Payment made without deducted of GST TDS.
24.03.2021	Wood Squire Technologies Pvt Ltd.	2,93,125/-	Payment made without deducted of GST TDS.

#### 4. 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
09.10.2020	Kamal Electric Proprietor	5,876/-	Amount paid to Kamal Electric Proprietor for purchase of Plan Telephone Set etc.  1. Dates were not mentioned on Quotations. 2. Quotations were not stamped from venders.
01.10.2020	Chandel MahaLuxmi Traders	36,740/-	Amount paid to Chandel MahaLuxmi Traders for purchase of Foot operated Valve.  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:

Fund received during the period from 01.04.2020 to 31.03.2021

(A) First Installment	7172000.00
(B) Second Installment	1428000.00
<u>Total Fund</u>	<u>8600000.00</u>
Expenditure incurred during the period (01.04.2020 to 31.03.2021)	7428393.48
Balance as per bank as on 31.03.2021	<u>1171606.52</u>

#### 2. CHECKING OF PROCUREMENT PLAN

During the checking of procurement plan we noted that Institute has been uploaded the Procurement plan on website [www.itimandi.org](http://www.itimandi.org) for financial year 2019-20 & 2020 -21.

3. During audit we found that there was no complaints related to procurement on website and there was no such entry was reflected on website on 31.03.2021.

#### 4. CHECKING OF CONTRACT AWARDS

During the checking of contracts we noted that Institute has not awarded any contract to any firm or vendor that was debarred by world bank.

## PART - F

### EXECUTIVE SUMMARY AND SUGGESTIONS/RECOMMENDATIONS

#### 1. DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL 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 31.03.2021 - FY – 2020-21)**

<b>Sr. No.</b>	<b>Statement of Expenditure</b>	<b>Amount (Rs.)</b>
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:

<b>Contract No.</b>	<b>P.O. Date</b>	<b>Particulars</b>	<b>Date of Delivery as per Contract</b>	<b>Amount</b>	<b>Actual Date of Delivery</b>	<b>Delay</b>
GEMC- 51168771 1834731	25.09.2020	Amount Paid to Innotech Concepts Pvt Ltd. For purchase of Lenovo Think book.	30.09.2020	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	4,9,800/-	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 Trainer Kit	20.12.2020	9,83,500/-	10.02.2021	52 Days
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### **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:

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

### **4. 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:

<b>Date</b>	<b>Particulars</b>	<b>Amount (Rs)</b>	<b>Observations</b>
09.10.2020	Kamal Electric Proprietor	5,876/-	Amount paid to Kamal Electric Proprietor for purchase of Plan Telephone Set etc.  1. Dates were not mentioned on Quotations.  2. Quotations were not stamped from venders.

01.10.2020	Chandel MahaLuxmi Traders	36,740/-	Amount paid to Chandel MahaLuxmi Traders for purchase of Foot operated Valve.  1. Dates were not mentioned on Quotations.  2. Quotations were not stamped from venders.
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SKILLS STRENGTHENING FOR INDUSTRIAL VALUE ENHANCEMENT (STRIVE)

(WORLD BANK FUNDED PROJECT)

GOVT. INDUSTRIAL TRAINING INSTITUTE – NADAUN

INTERNAL AUDIT REPORT FOR THE PERIOD FROM 01.10.2020 TO 31.03.2021

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 | : April 01, 2020 to September 30,2020        |
| e. Period covered in the current audit  | : October 01, 2020 to March 31, 2021         |

PART – B

EXECUTIVE SUMMARY

(a) Objective of Audit

We have conducted the Internal Audit of Govt. Industrial Training Institute Nadaun for the period from October 01, 2020 to March 31, 2021. 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 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 October 01, 2020 to March 31, 2021.



**(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 October 01, 2020 to March 31, 2021, 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. 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:

<b>Contract No.</b>	<b>Date of Payment</b>	<b>Particulars</b>	<b>Date of Delivery as per Contract</b>	<b>Amount</b>	<b>Actual Date of Delivery</b>	<b>Delay</b>
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:

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

### OTHER OBSERVATIONS

#### 1. STATUS OF UTILISATION OF FUND

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

Fund received for the period 01.04.2020 to 31.03.2021	8000000.00
Expenditure incurred during the period	<u>6449645.00</u>
Balance as per bank as on 31.03.2021	<u>1550355.00</u>

2. During audit we found that there was no complaints related to procurement on website and there was no such entry reflected on website on 31.03.2021.

#### 3. CHECKING OF CONTRACT AWARDS

During the checking of contracts we noted that Institute has not awarded any contract to any firm or vendor that was debarred by world bank.

## 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.	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:

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







**(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 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 October 01, 2020 to March 31, 2021.



**(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 October 01, 2020 to March 31, 2021, 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.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:

<b>Date of Deducted</b>	<b>Particulars</b>	<b>Amount</b>	<b>TDS Should be deducted @ 10%</b>	<b>Observation</b>
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:

<b>Contract No.</b>	<b>Date of Payment</b>	<b>Particulars</b>	<b>Date of Delivery as per Contract</b>	<b>Amount</b>	<b>Actual Date of Delivery</b>	<b>Delay</b>
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. DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL 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 31.03.2021 - FY – 2020-21)**

<b>Sr. No.</b>	<b>Statement of Expenditure</b>	<b>Amount (Rs.)</b>
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 – E**

#### **OTHER OBSERVATIONS**

##### **1. STATUS OF UTILISATION OF FUND**

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

Fund received during the period from 01.04.2020 to 31.03.2021	
(A) First Installment	5004000.00
(B) Second Installment	996000.00
<u>Total Fund</u>	<u>6000000.00</u>
Expenditure incurred during the period (01.04.2020 to 31.03.2021)	3008551.22
Balance as per bank as on 31.03.2021	<u>2991448.78</u>

##### **2. CHECKING OF PROCUREMENT PLAN**

During the checking of procurement plan we noted that Institute has been uploaded the Procurement plan on website [www.himachaliti.org/nalagarhwiti](http://www.himachaliti.org/nalagarhwiti) for financial year 2019-20 & 2020 -21.

3. During audit we found that there was no complaints related to procurement on website and there was no such entry was reflected on website on 31.03.2021.

#### **4. CHECKING OF CONTRACT AWARDS**

During the checking of contracts we noted that Institute has not awarded any contract to any firm or vendor that was debarred by world bank.

#### **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.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:

<b>Date of Deducted</b>	<b>Particulars</b>	<b>Amount</b>	<b>TDS Should be deducted @ 10%</b>	<b>Observation</b>
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
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**3. DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL EXPENDITURE INCURRED AS PER CASH BOOK**

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**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.



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

GOVT. MODEL INDUSTRIAL TRAINING INSTITUTE – NALAGARH

INTERNAL AUDIT REPORT FOR THE PERIOD FROM 01.10.2020 TO 31.03.2021

PART – A                      BRIEF DETAIL OF THE AUDITEE AND AUDIT

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	: April 01, 2020 to September 30,2020
e. Period covered in the current audit	: October 01, 2020 to March 31, 2021

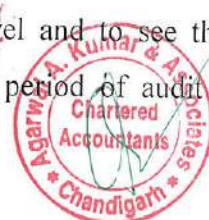
PART – B

EXECUTIVE SUMMARY

(a) Objective of Audit

We have conducted the Internal Audit of Govt. Model Industrial Training Institute Nalagarh for the period from October 01, 2020 to March 31, 2021. 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 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 October 01, 2020 to March 31, 2021.

**(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 October 01, 2020 to March 31, 2021, 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. 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:

<b>Contract No.</b>	<b>Particulars</b>	<b>Date of Delivery as per Contract</b>	<b>Amount</b>	<b>Actual Date of Delivery</b>	<b>Delay</b>
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. DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL 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 31.03.2021 - 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. 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. Detail of these cases are given below:

Date	Particulars	Net Amount	GST TDS Deducted	GST TDS Should be deducted	Excess amount deducted
14.12.2020	Mahindra & Mahindra Ltd. For purchase of Vehicle.	709606.00	21549.00	14192.00	7357.00
12.02.2021	Raaz Communication for purchase of computers	451699.00	10660.00	9034.00	1626.00



#### **4. 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:

<b>Date</b>	<b>Name of Contractor</b>	<b>Amount</b>	<b>Labour cess should be deducted @ 1%</b>	<b>Observation</b>
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 – E

### OTHER OBSERVATIONS

#### 1. STATUS OF UTILISATION OF FUND

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

Fund received during the period from 01.04.2020 to 31.03.2021

(A) First Installment	4337000.00
(B) Second Installment	863000.00
<u>Total Fund</u>	<u>5200000.00</u>
Expenditure incurred during the period (01.04.2020 to 31.03.2021)	2790130.72
Balance as per bank as on 31.03.2021	<u>2409869.28</u>

#### 2. CHECKING OF PROCUREMENT PLAN

During the checking of procurement plan we noted that Institute has been uploaded the Procurement plan on website [www.himachaliti.org/nalagarhiti](http://www.himachaliti.org/nalagarhiti) for financial year 2019-20 & 2020 -21.

3. During audit we found that there was no complaints related to procurement on website and there was no such entry was reflected on website on 31.03.2021.

#### 4. CHECKING OF CONTRACT AWARDS

During the checking of contracts we noted that Institute has not awarded any contract to any firm or vendor that was debarred by world bank.

## 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-51168772 2145135	Amount Paid to Satluj Document company for purchases of Plotter.	16.12.2020	2,49,900/-	20.01.2021	35 Days

## **2. DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL 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 31.03.2021 - 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. 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. Detail of these cases are given below:

Date	Particulars	Net Amount	GST TDS Deducted	GST TDS Should be deducted	Excess amount deducted
14.12.2020	Mahindra & Mahindra Ltd. For purchase of Vehicle.	709606.00	21549.00	14192.00	7357.00
12.02.2021	Raaz Communication for purchase of computers	451699.00	10660.00	9034.00	1626.00

#### **4. 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.



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

GOVT. INDUSTRIAL TRAINING INSTITUTE - PALAMPUR

INTERNAL AUDIT REPORT FOR THE PERIOD FROM 01.10.2020 TO 31.03.2021

PART – A                      BRIEF DETAIL OF THE AUDITEE AND AUDIT

- |   |   |
|---|---|
| a. Name and address of the Auditee      | : Govt. Industrial Training Institute<br>Palampur |
| b. Name of Auditors                     | : Agarwal A Kumar & Associates                    |
| c. Days of Audit                        | : 2   |
| d. Period covered in the previous audit | : April 01, 2020 to September 30,2020             |
| e. Period covered in the current audit  | : October 01, 2020 to March 31, 2021              |

PART – B

EXECUTIVE SUMMARY

(a) Objective of Audit

We have conducted the Internal Audit of Govt. Industrial Training Institute Palampur for the period from October 01, 2020 to March 31, 2021. 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 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 October 01, 2020 to March 31, 2021.

**(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 October 01, 2020 to March 31, 2021, 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. DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL 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 31.03.2021 - FY – 2020-21)**

<b>Sr. No.</b>	<b>Statement of Expenditure</b>	<b>Amount (Rs.)</b>
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

## RECOMMENDATION

Institute has replied that difference of Rs. 392857/- has been sorted and corrected now. We recommend that it should be shown to audit team on next visit for checking the same.

### 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.

## 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. 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 been uploaded the Procurement plan on website [www.palampurit.org](http://www.palampurit.org) for financial year 2019-20 but Procurement plan of FY 2020 -21 was not uploaded on website till 31<sup>st</sup> march 2021.

### PART – E

#### OTHER OBSERVATIONS

##### 1. STATUS OF UTILISATION OF FUND

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

Fund received during the period from 01.04.2020 to 31.03.2021	
(A) First Installment	6672000.00
(B) Second Installment	1328000.00
<u>Total Fund</u>	<u>8000000.00</u>
Expenditure incurred during the period (01.04.2020 to 31.03.2021)	4374068.00
Balance as per bank as on 31.03.2021	<u>3625932.00</u>

2. During audit we found that there was no complaints related to procurement on website and there was no such entry was reflected on website on 31.03.2021.

##### 3. CHECKING OF CONTRACT AWARDS

During the checking of contracts we noted that Institute has not awarded any contract to any firm or vendor that was debarred by world bank.

**PART – F**

**EXECUTIVE SUMMARY**

**1. DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL 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 31.03.2021 - FY – 2020-21)**

<b>Sr. No.</b>	<b>Statement of Expenditure</b>	<b>Amount (Rs.)</b>
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

**RECOMMENDATION**

Institute has replied that difference of Rs. 392857/- has been sorted and corrected now. We recommend that it should be shown to audit team on next visit for checking the same.

**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:

<b>Date</b>	<b>Particulars</b>	<b>Total Amount</b>	<b>Observations</b>
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.

### **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. 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 been uploaded the Procurement plan on website [www.palampurit.org](http://www.palampurit.org) for financial year 2019-20 but Procurement plan of FY 2020 -21 was not uploaded on website till 31<sup>st</sup> march 2021.





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

GOVT. INDUSTRIAL TRAINING INSTITUTE – POANTA SHAHIB

INTERNAL AUDIT REPORT FOR THE PERIOD FROM 01.10.2020 TO 31.03.2021

PART – A                      BRIEF DETAIL OF THE AUDITEE AND AUDIT

- |   |  |
|---|--|
| a. Name and address of the Auditee      | : Govt. Industrial Training Institute Poanta<br>Shahib |
| b. Name of Auditors                     | : Agarwal A Kumar & Associates                         |
| c. Days of Audit                        | : 2  |
| d. Period covered in the previous audit | : April 01, 2020 to September 30,2020                  |
| e. Period covered in the current audit  | : October 01, 2020 to March 31, 2021                   |

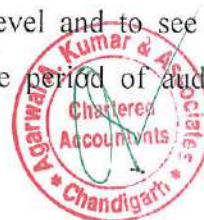
PART – B

EXECUTIVE SUMMARY

(a) Objective of Audit

We have conducted the Internal Audit of Govt. Industrial Training Institute Poanta Shahib for the period from October 01, 2020 to March 31, 2021. 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 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 October 01, 2020 to March 31, 2021.

(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 October 01, 2020 to March 31, 2021, 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. DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL 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 31.03.2021 - FY – 2020-21)**

<b>Sr. No.</b>	<b>Statement of Expenditure</b>	<b>Amount (Rs.)</b>
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

## **2. VARIATION IN COST ESTIMATE (BUDGETARY) AND AWARDED PRICE**

On checking of procurement plan we noted that in one case there was a variation in cost estimate and final amount of awarded Contract was exceed 200% from estimate cost amount.

A detail of this case is given below:

<b>Particulars</b>	<b>Date</b>	<b>Total Cost Estimate</b>	<b>Total Award Value</b>	<b>Variation in %</b>
Scientific Corporation	25.03.2021	11,100.00	29,736.0	+ 260.00%

## **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. STATUS OF UTILISATION OF FUND**

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

Fund received during the period from 01.04.2020 to 31.03.2021

(A) First Installment	5171000.00
(B) Second Installment	1029000.00
<u>Total Fund</u>	<u>6200000.00</u>
Expenditure incurred during the period (01.04.2020 to 31.03.2021)	3598300.78
Balance as per bank as on 31.03.2021	<u>2601699.22</u>

## **2. CHECKING OF PROCUREMENT PLAN**

During the checking of procurement plan we noted that Institute has been uploaded the Procurement plan on website [www.himachaliti.org/pontasahib](http://www.himachaliti.org/pontasahib) for financial year 2019-20 & 2020 -21.

3. During audit we found that there was no complaints related to procurement on website and there was no such entry was reflected on website on 31.03.2021.

## **4. CHECKING OF CONTRACT AWARDS**

During the checking of contracts we noted that Institute has not awarded any contract to any firm or vendor that was debarred by world bank.

## **PART - F**

### **EXECUTIVE SUMMARY AND SUGGESTIONS/RECOMMENDATIONS**

#### **1. DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL 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 31.03.2021 - FY – 2020-21)**

<b>Sr. No.</b>	<b>Statement of Expenditure</b>	<b>Amount (Rs.)</b>
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#### **Recommendation**

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

GOVT. INDUSTRIAL TRAINING INSTITUTE –RAJGHAR

INTERNAL AUDIT REPORT FOR THE PERIOD FROM 01.10.2020 TO 31.03.2021

PART – A                      BRIEF DETAIL OF THE AUDITEE AND AUDIT

- |   |   |
|---|---|
| a. Name and address of the Auditee      | : Govt. Industrial Training Institute Rajghar |
| b. Name of Auditors                     | : Agarwal A Kumar & Associates                |
| c. Days of Audit                        | : 2   |
| d. Period covered in the previous audit | : April 01, 2020 to September 30,2020         |
| e. Period covered in the current audit  | : October 01, 2020 to March 31, 2021          |

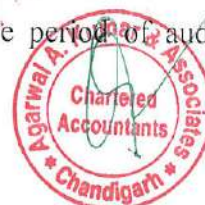
PART – B

EXECUTIVE SUMMARY

(a) Objective of Audit

We have conducted the Internal Audit of Govt. Industrial Training Institute Rajghar for the period from October 01, 2020 to March 31, 2021. 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 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 October 01, 2020 to March 31, 2021.

(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 October 01, 2020 to March 31, 2021, 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. DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL 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 31.03.2021 - 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

## RECOMMENDATIONS

As per reply of institute the difference was not corrected yet. We recommend that it should be sorted and corrected with the help of PFMS administrator.

### 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.	20.00.2020	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

### RECOMMENDATIONS

Institute has given reason for delay in supply which was due to Covid-19 restrictions and supplier has taken permission for the same. Audit observation may be treated as settled.

### 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:

<b>Date</b>	<b>Name of Contractor</b>	<b>Amount</b>	<b>Labour cess should be deducted @ 1%</b>	<b>Observation</b>
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.

### RECOMMENDATIONS

As per reply of institute it has not been registered with labour department for deduction of labour cess on civil work. The same should be done as per labour law.

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.

### 4. FINAL PAYMENT MADE TO CONTRACTOR WITHOUT APPROVING DEVIATION STATEMENT

While checking of contractor payments of civil work we observed that in one case Institute has made final payment to M/s Deepak Singh Govt. contractor of Rs.1,82,276/- on 29.01.2021 without approving the deviation statement by the competent authority. The detail of this case is mentioned below:

Name of Contractor	Sanction No.	Gross amount as per Final Bill of contractor	Award amount as per Agreement	Amount of Deviation
M/s Deepak Singh Govt. contractor	ITI/RGH/G(2) Strive/OFF/ICE Note/2020-31 DT- 29-01-2021	1,82,276/-	1,69,446/-	12,830/-

**PART – E**

**OTHER OBSERVATIONS**

**1. STATUS OF UTILISATION OF FUND**

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

Fund received during the period from 01.04.2020 to 31.03.2021

(A) First Installment	5004000.00
(B) Second Installment	996000.00
<u>Total Fund</u>	<u>6000000.00</u>
Expenditure incurred during the period (01.04.2020 to 31.03.2021)	6000000.00
Balance as per bank as on 31.03.2021	<u>0.00</u>

**2. CHECKING OF PROCUREMENT PLAN**

During the checking of procurement plan we noted that Institute has been uploaded the Procurement plan on website <http://www.himachaliti.org/rajgarhiti> for financial year 2019-20 & 2020 -21.

3. During audit we found that there was no complaints related to procurement on website and there was no such entry was reflected on website on 31.03.2021.

**4. CHECKING OF CONTRACT AWARDS**

During the checking of contracts we noted that Institute has not awarded any contract to any firm or vendor that was debarred by world bank.



## PART - F

### EXECUTIVE SUMMARY AND SUGGESTIONS/RECOMMENDATIONS

#### 1. DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL 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 31.03.2021 - FY – 2020-21)

<b>Sr. No.</b>	<b>Statement of Expenditure</b>	<b>Amount (Rs.)</b>
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	Difference	316106.00

#### RECOMMENDATIONS

As per reply of institute the difference was not corrected yet. We recommend it should be sorted and corrected with the help of PFMS administrator.

#### 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
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### RECOMMENDATIONS

Institute has given reason for delay in supply which was due to Covid-19 restrictions and supplier has taken permission for the same. Audit observation may be treated as settled.

### 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.

## RECOMMENDATION

As per reply of institute it has not been registered with labour department for deduction of labour cess on civil work. The same should be done as per labour law.

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.

#### 4. FINAL PAYMENT MADE TO CONTRACTOR WITHOUT APPROVING DEVIATION STATEMENT

While checking of contractor payments of civil work we observed that in one case Institute has made final payment to M/s Deepak Singh Govt. contractor of Rs.1,82,276/- on 29.01.2021 without approving the deviation statement by the competent authority. The detail of this case is mentioned below:

Name of Contractor	Sanction No.	Gross amount as per Final Bill of contractor	Award amount as per Agreement	Amount of Deviation
M/s Deepak Singh Govt. contractor	ITI/RGH/G(2) Strive/OFF/ICE Note/2020-31 DT- 29-01- 2021	1,82,276/-	1,69,446/-	12,830/-



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

GOVT. INDUSTRIAL TRAINING INSTITUTE - SAINJ

INTERNAL AUDIT REPORT FOR THE PERIOD FROM 01.10.2020 TO 31.03.2021

PART – A                      BRIEF DETAIL OF THE AUDITEE AND AUDIT

- |   |   |
|---|---|
| a. Name and address of the Auditee      | : Govt. Industrial Training Institute Sainj |
| b. Name of Auditors                     | : Agarwal A Kumar & Associates              |
| c. Days of Audit                        | : 2   |
| d. Period covered in the previous audit | : April 01, 2020 to September 30,2020       |
| e. Period covered in the current audit  | : October 01, 2020 to March 31, 2021        |

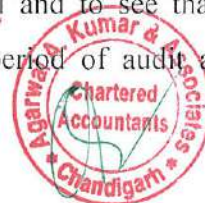
PART – B

EXECUTIVE SUMMARY

(a) Objective of Audit

We have conducted the Internal Audit of Govt. Industrial Training Institute Sainj for the period from October 01, 2020 to March 31, 2021. 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 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 October 01, 2020 to March 31, 2021.



(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 October 01, 2020 to March 31, 2021, 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. 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 – E**

**1. CHECKING OF 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 31.03.2021 - 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)	3223453.00
2	Actual Expenditure incurred as per cash book from (01.04.2020 to 31.03.2021)	3223453.00
	Difference	Nil

## **2. STATUS OF UTILISATION OF FUND**

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

Fund received during the period from 01.04.2020 to 31.03.2021

(A) First Installment	5004000.00
(B) Second Installment	996000.00
<u>Total Fund</u>	<u>6000000.00</u>
Expenditure incurred during the period (01.04.2020 to 31.03.2021)	3223453.00
Balance as per bank as on 31.03.2021	<u>2776547.00</u>

## **3. CHECKING OF PROCUREMENT PLAN**

During the checking of procurement plan we noted that Institute has been uploaded the Procurement plan on website [www.itisainj.org](http://www.itisainj.org) for financial year 2019-20 & 2020 -21.

4. During audit we found that there was no complaints related to procurement on website and there was no such entry was reflected on website on 31.03.2021.

## **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.	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 Document company For purchase of computers.	04.11.2020	18,78,000/-	18.11.2020	14 Days



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

GOVT. INDUSTRIAL TRAINING INSTITUTE – SHAHPUR

INTERNAL AUDIT REPORT FOR THE PERIOD FROM 01.10.2020 TO 31.03.2021

PART – A                      BRIEF DETAIL OF THE AUDITEE AND AUDIT

- 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                : April 01, 2020 to September 30,2020  
e. Period covered in the current audit                 : October 01, 2020 to March 31, 2021

PART – B

EXECUTIVE SUMMARY

(a) Objective of Audit

We have conducted the Internal Audit of Govt. Industrial Training Institute Shahpur for the period from October 01, 2020 to March 31, 2021. 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 October 01, 2020 to March 31, 2021.

**(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 October 01, 2020 to March 31, 2021, 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. DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL 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 31.03.2021 - FY – 2020-21)**

<b>Sr. No.</b>	<b>Statement of Expenditure</b>	<b>Amount (Rs.)</b>
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



## **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:

<b>Date</b>	<b>Particulars</b>	<b>Amount</b>	<b>Observations</b>
21/01/2021	Amount Paid to Wood Square Technologies Pvt Ltd for Purchases of Executive Table & Chairs.	2,84,200/-	Payment made without deducted of GST TDS.

## **3. 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:

<b>Date of Deducted</b>	<b>Particulars</b>	<b>GST Deducted</b>	<b>Due date of Deposit</b>	<b>Actual Date of deposit</b>
27.11.2020	Bharat Sanchar Nigam Ltd.	23,739.00	07.12.2020	09.12.2020

## **4. CHECKING OF PROCUREMENT PLAN**

During the checking of procurement plan we noted that Institute has been uploaded the Procurement plan on website [www.itishahpur.org](http://www.itishahpur.org) for financial year 2019-20 but Procurement plan of FY 2020 -21 was not uploaded on website till 31<sup>st</sup> march 2021.



## PART – E

### OTHER OBSERVATIONS

#### 1. STATUS OF UTILISATION OF FUND

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

Fund received during the period from 01.04.2020 to 31.03.2021

(A) First Installment	5588000.00
(B) Second Installment	1112000.00
<u>Total Fund</u>	<u>6700000.00</u>
Expenditure incurred during the period (01.04.2020 to 31.03.2021)	3740945.00
Balance as per bank as on 31.03.2021	<u>2959055.00</u>

2. During audit we found that there was no complaints related to procurement on website and there was no such entry reflected on website on 31.03.2021.

#### 3. CHECKING OF CONTRACT AWARDS

During the checking of contracts we noted that Institute has not awarded any contract to any firm or vendor that was debarred by world bank.

## PART - F

### EXECUTIVE SUMMARY AND SUGGESTIONS/RECOMMENDATIONS

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

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27.11.2020	Bharat Sanchar Nigam Ltd.	23,739.00	07.12.2020	09.12.2020

## **4. CHECKING OF PROCUREMENT PLAN**

During the checking of procurement plan we noted that Institute has been uploaded the Procurement plan on website [www.itishahpur.org](http://www.itishahpur.org) for financial year 2019-20 but Procurement plan of FY 2020 -21 was not uploaded on website till 31<sup>st</sup> march 2021.



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

GOVT. INDUSTRIAL TRAINING INSTITUTE - SHAMSHI

INTERNAL AUDIT REPORT FOR THE PERIOD FROM 01.10.2020 TO 31.03.2021

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 | : April 01, 2020 to September 30,2020         |
| e. Period covered in the current audit  | : October 01, 2020 to March 31, 2021          |

PART – B

EXECUTIVE SUMMARY

(a) Objective of Audit

We have conducted the Internal Audit of Govt. Industrial Training Institute Shamshi for the period from October 01, 2020 to March 31, 2021. 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 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 October 01, 2020 to March 31, 2021.

(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 October 01, 2020 to March 31, 2021, 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. DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL 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 31.03.2021 - 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. 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 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:

<b>Date of Payment</b>	<b>Particulars</b>	<b>Date of Delivery as per Contract</b>	<b>Amount</b>	<b>Actual Date of Delivery</b>	<b>Delay</b>
18.12.2020	Amount Paid to Wood Square Technologies Pvt Ltd.	10.11.2020	4,64,611/-	24.11.2020	14 Days
23.01.2021	Amount Paid to BE Office Automation.	16.12.2020	9,27,700/-	25.12.2020	12 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.



## PART – E

### OTHER OBSERVATIONS

#### 1. STATUS OF UTILISATION OF FUND

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

Fund received during the period from 01.04.2020 to 31.03.2021	
(A) First Installment	5671000.00
(B) Second Installment	1129000.00
<u>Total Fund</u>	<u>6800000.00</u>
Expenditure incurred during the period (01.04.2020 to 31.03.2021)	6746503.00
Balance as per bank as on 31.03.2021	<u>53497.00</u>

#### 2. CHECKING OF PROCUREMENT PLAN

During the checking of procurement plan we noted that Institute has been uploaded the Procurement plan on website [www.itishamshi.org](http://www.itishamshi.org) for financial year 2019-20 & 2020 -21.

3. During audit we found that there was no complaints related to procurement on website and there was no such entry was reflected on website on 31.03.2021.

#### 4. CHECKING OF CONTRACT AWARDS

During the checking of contracts we noted that Institute has not awarded any contract to any firm or vendor that was debarred by world bank.

## PART - F

### EXECUTIVE SUMMARY AND SUGGESTIONS/RECOMMENDATIONS

#### 1. DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL 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 31.03.2021 - 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. 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 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:

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18.12.2020	Amount Paid to Wood Square Technologies Pvt Ltd.	10.11.2020	4,64,611/-	24.11.2020	14 Days
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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 01.10.2020 TO 31.03.2021

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 | : April 01, 2020 to September 30,2020       |
| e. Period covered in the current audit  | : October 01, 2020 to March 31, 2021        |

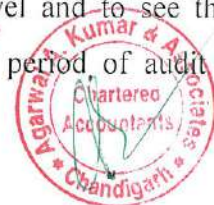
PART – B

EXECUTIVE SUMMARY

(a) Objective of Audit

We have conducted the Internal Audit of Govt. Industrial Training Institute Solan for the period from October 01, 2020 to March 31, 2021. 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 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.
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- 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 October 01, 2020 to March 31, 2021.

(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 October 01, 2020 to March 31, 2021, 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. 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/-

2. CHECKING OF OUTSTANDING ADVANCES

During the checking of ledger, we noted that advances were given for various Training but advances were not adjusted till 31<sup>st</sup> March 2021. Details are given below:



<b>Particulars</b>	<b>Outstanding Amount on 31.03.2021 (Rs)</b>	<b>Observations</b>
Advance given to Director Tool Room Ludhiana for Tranning	100000.00	Advance amount was not adjusted till 31 <sup>st</sup> March 2021
Advance given to Center for Development of Advanced computing Mohali	100000.00	Advance amount was not adjusted till 31 <sup>st</sup> March 2021
Advance given to CIPET VTC Baddi for Tranning	300000.00	Advance amount was not adjusted till 31 <sup>st</sup> March 2021

### **3. 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:

<b>Date of Deducted</b>	<b>Particulars</b>	<b>GST Deducted</b>	<b>Due date of Deposit</b>	<b>Actual Date of deposit</b>
30.03.2021	M/s Asha Enterprises	9000.00	10.04.2021	06.05.2021

### **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:

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

**5. DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL 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 31.03.2021 - 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

**6. 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 – E

### OTHER OBSERVATIONS

#### 1. STATUS OF UTILISATION OF FUND

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

Fund received during the period from 01.04.2020 to 31.03.2021

(A) First Installment	8340000.00
(B) Second Installment	1660000.00
<u>Total Fund</u>	<u>10000000.00</u>
Expenditure incurred during the period (01.04.2020 to 31.03.2021)	1639425.22
Balance as per bank as on 31.03.2021	<u>8360574.78</u>

#### 2. CHECKING OF PROCUREMENT PLAN

During the checking of procurement plan we noted that Institute has been uploaded the Procurement plan on website [www.itisolan.org.in](http://www.itisolan.org.in) for financial year 2019-20 & 2020 -21.

3. During audit we found that there was no complaints related to procurement on website and there was no such entry was reflected on website on 31.03.2021.

#### 4. CHECKING OF CONTRACT AWARDS

During the checking of contracts we noted that Institute has not awarded any contract to any firm or vendor that was debarred by world bank.

**PART - F**

**EXECUTIVE SUMMARY AND SUGGESTIONS/RECOMMENDATIONS**

**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:

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

**2. CHECKING OF OUTSTANDING ADVANCES**

During the checking of ledger, we noted that advances were given for various Training but advances were not adjusted till 31<sup>st</sup> March 2021. Details are given below:

<b>Particulars</b>	<b>Outstanding Amount on 31.03.2021 (Rs)</b>	<b>Observations</b>
Advance given to Director Tool Room Ludhiana for Tranning	100000.00	Advance amount was not adjusted till 31 <sup>st</sup> March 2021
Advance given to Center for Development of Advanced computing Mohali	100000.00	Advance amount was not adjusted till 31 <sup>st</sup> March 2021
Advance given to CIPET VTC Baddi for Tranning	300000.00	Advance amount was not adjusted till 31 <sup>st</sup> March 2021

### **3. 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:

<b>Date of Deducted</b>	<b>Particulars</b>	<b>GST Deducted</b>	<b>Due date of Deposit</b>	<b>Actual Date of deposit</b>
30.03.2021	M/s Asha Enterprises	9000.00	10.04.2021	06.05.2021

### **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:

<b>Contract No.</b>	<b>Date of Payment</b>	<b>Particulars</b>	<b>Date of Delivery as per Contract</b>	<b>Amount</b>	<b>Actual Date of Delivery</b>	<b>Delay</b>
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

### **5. DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL 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 31.03.2021 - 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

**6. 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

