



कार्यालय महानिदेशक लेखा परीक्षा (केन्द्रीय व्यय),
इन्द्रप्रस्थ एस्टेट, नई दिल्ली - 110 002
Office of the Director General of Audit (Central Expenditure),
Indraprastha Estate, New Delhi - 110 002
Telephone: 011-23454313, 23454135 (Fax : 011-23702271,72)

संख्या : ए.एम.जी.-V/4-18/आई.आर-STRIVE/2019-20/ 890

दिनांक: 18.03.2020

सेवा में,

Director General,
Skill Strengthening for Industrial Value Enhancement (STRIVE),
Directorate General of Training,
1stFloor, Kaushal Bhawan,
Pusa Road, Karol Bagh, New Delhi

18 MAR 2020

विषय – वर्ष 2018-19 के लेखाओं की निरीक्षण प्रतिवेदन के संदर्भ में।

महोदय,

मैं 2018-19 के लिए World Bank assisted Skill Strengthening for Industrial Value Enhancement (STRIVE) IDA No. 5965-IN के लेखाओं पर निरीक्षण प्रतिवेदन प्रेषित करता हूँ।

आपसे अनुरोध किया जाता है कि कृपया प्रतिवेदन की पावती की सूचना email ID priyanka.del.au@cag.gov.in पर भिजवाने की व्यवस्था करें।

अनुलग्नक : निरीक्षण प्रतिवेदन

भवदीय,

निदेशक (ए.एम.जी.-V)

कार्यालय महानिदेशक लेखा परीक्षा (केन्द्रीय व्यय)
O/o Director General of Audit (Central Expenditure)
इन्द्रप्रस्थ एस्टेट, नई दिल्ली-110002
Indraprastha Estate, New Delhi-110002

450

Report of the Comptroller and Auditor General of India in respect of World Bank assisted Project- Skill Strengthening for Industrial Value Enhancement (STRIVE) Credit No. 5965-IN

To,
Neelam Shami Rao,
Director General,
Skill Strengthening for Industrial Value Enhancement (STRIVE),
Directorate General of Training,
1stFloor, Kaushal Bhawan,
Pusa Road, Karol Bagh, New Delhi

Report on the Project Financial Statements


We have audited the accompanying financial statements of the Skill Strengthening for Industrial Value Enhancement (STRIVE) Credit No. 5965-IN, which comprise the Statement of Sources and Applications of Funds and the Reconciliation of Claims to Total Appropriations of Funds for the year ended March 2019. These statements are the responsibility of the Project's management. Our responsibility is to express an opinion on the accompanying financial statement based on our audit.

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

In our opinion, the financial statements present fairly, in all material respects, the sources and application of funds of Skill Strengthening for Industrial Value Enhancement (STRIVE) Credit No. 5965-IN for the year ended March 2019, in accordance with Government of India accounting standards.

In addition, in our opinion, (a) with respect of SOEs, adequate supporting documentation has been maintained to support claims to the World Bank for reimbursements of expenditures incurred; and (b) except for ineligible expenditures (₹ 35,80,95,270/-) as detailed in the audit observations, if any, appended to this audit report, expenditures are eligible for financing under the Loan/Credit Agreement. During the course of audit, SOEs (amounting ₹40,18,60,461/-) and the connected documents were examined and these can be relied upon to support reimbursement under the Loan/Credit Agreement.

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


(Sudhir Sharma)
Director (AMG-V)
O/o The Director General of Audit, Central Expenditure,
New Delhi-110002.
Date: 05.03.2020

Statement of disallowance

World Bank assisted Project- Skill Strengthening for Industrial Value Enhancement (STRIVE) Credit No. 5965-IN for the year 2018-19.

01: Inadmissible expenditure amounting to ₹ 3.28 lakh.

Scrutiny of TA vouchers for the year 2018-19 in respect of scheme- STRIVE revealed that the following journeys (details are mentioned in Annexure-A) were performed other than the purpose of the scheme or beyond the period of scheme. Hence, an amount of **₹ 3.28 lakh** is disallowed for the claim from the World Bank.

02: Claims without obtaining UCs.

As per one of the clauses of Operation Manual- STRIVE which states that funds shall be released only on achievement of the annual targets. If the target has not been met, funds allocated for the target shall not be released even if expenditure has been incurred towards the target. Scrutiny of records revealed that an amount of ₹ 35,77,66,970/- was disbursed as Grant-in-aid under MH 2230, 3601 and 3602 against which no UCs have been received by MSDE so far. This amount cannot be treated as expenditure on scheme-STRIVE and will only be treated as expenditure once the UCs for the same will be received. Hence, an amount of **₹ 35.78 crore** is disallowed for the claim from the World Bank.

कार्या महानिदेशक लेखा परीक्षा (केन्द्रीय व्यय)
O/o Director General of Audit (Central Expenditure)
इन्द्रप्रस्थ एस्टेट, नई दिल्ली-110002
Inderaprasth Estate, New Delhi-110002

| ANNEXURE-A | | | | | |
|--------------|------------|-------------------|------------------------|--------------------|---|
| Sr. No. | Bill No. | Beneficiary Name | Sanction No. | Beneficiary Amount | Remarks (Descrip ⁿ pertaining to STNVE- reason) |
| 1 | CP00001293 | SANJAY KUMAR | TA/TOUR/CASH/2018-2019 | 10629.00 | Beyond the period of Scheme |
| 2 | CP00001237 | SANJAY KUMAR | TA/ TOUR/2018-19 | 28244.00 | Beyond the period of Scheme |
| 3 | CP00001684 | SANJAY KUMAR | TA/TOUR/CASH/2018-2019 | 36804.00 | Worked as Nodal officer for aspirational district (annual for Compliance of C&S scheme) |
| 4 | CP00001618 | SANJAY KUMAR | TA/TOUR/CASH/2018-2019 | 27631.00 | Worked as Nodal officer for aspirational district, Kishore |
| 5 | CP00001961 | SANJAY KUMAR | TA/TOUR/CASH-2018-19 | 24025.00 | Worked as Nodal officer for aspirational district, Nawada |
| 6 | CP00001239 | Parveen Kumar ADT | TA/Tour/Cash/2018-19 | 12659.00 | Beyond the period of Scheme |
| 7 | CP00001282 | Parveen Kumar ADT | TA/TOUR/CASH/2018-2019 | 17598.00 | Beyond the period of Scheme |
| 8 | CP00001367 | Amar Kumar | TA/TOUR/CASH/2018-2019 | 14846.00 | Beyond the period of Scheme |
| 9 | CP00001238 | RAJESH MEENA | TA/TOUR/CASH/2018-19 | 16757.00 | Beyond the period of Scheme |
| 10 | CP00001683 | RAJESH MEENA | TA/TOUR/CASH/2018-2019 | 22450.00 | To attended Aspirational District Programme |
| 11 | CP00001739 | RAJESH MEENA | TA/TOUR/CASH/2018-2019 | 4534.00 | Beyond the period of Scheme |
| 12 | CP00001506 | HARISH C BATRA | TA/TOUR/CASH/2018-2019 | 21489.00 | Journey was performed to attend annual conference at Bengaluru |
| 13 | CP00001861 | HARISH C BATRA | TA/TOUR/CASH/2018-2019 | 4770.00 | Internal Audit assignment to O/o NSDC, Aerocity, New Delhi |
| 14 | CP00001855 | HARISH C BATRA | TA/TOUR/CASH/2018-2019 | 19496.00 | Internal Audit assignment to O/o RDAT & NSTI, Kanpur |
| 15 | CP00001510 | Girish Goel | TA/Tour/Cash/2018-19 | 22990.00 | To attend annual conference at Bengaluru |
| 16 | CP00001508 | Girish Goel | TA/TOUR/CASH/2018-2019 | 5550.00 | Internal Audit assignment to O/o NIESBUD, Noida |
| 17 | CP00001854 | Girish Goel | TA/TOUR/CASH/2018-2019 | 21098.00 | Internal Audit assignment to O/o RDAT & NSTI, Kanpur |
| 18 | CP00002338 | Girish Goel | TA/TOUR/Cash-2018-19 | 5964.00 | Internal Audit assignment to O/o NSTI, Noida |
| 19 | CP00002335 | Girish Goel | TA/TOUR/Cash-2018-19 | 10766.00 | Internal Audit assignment to O/o RDAT, Faridabad |
| Total | | | | 328300.00 | |

केंद्रा: भारतप्रतिष्ठान संस्था पर्यवेक्षण (केंद्राध्यक्ष कार्यालय)
 O/o Director General of Audit (Central Expenditure)
 इंदरप्रस्थ एस्टेट, नई दिल्ली-110002
 Inderaprasith Estate, New Delhi-110002

433

Total amount disallowed

| S.No | Para no | Amount (In Rs.) |
|------|--------------|----------------------|
| 1 | Para no 1 | ₹ 0.03 crore |
| 2 | Para no 2 | ₹ 35.78 crore |
| | Total | ₹ 35.81 crore |

P-437

कार्यालय: महानिदेशक लेखा परीक्षा (केन्द्रीय व्यय)
O/o Director General of Audit (Central Expenditure)
इन्द्रप्रस्थ एस्टेट, नई दिल्ली-110002
Indraprasth Estate, New Delhi-110002

STATEMENT OF EXPENDITURE (STRIVE) 2017-18

Amount (In Rupees)

| Sl No. | Head of Account | Expenditure |
|--------------------|-----------------|-----------------|
| 1 | 3601-GIA | 29600000 |
| Grand Total | | 29600000 |

*Amount released in 2017-18 under VTIP but revalidate in STRIVE 2018-19

REVISED STATEMENT OF EXPENDITURE (STRIVE) 2018-19

Amount (In Rupees)

| Sl No. | Head of Account | Expenditure |
|--------------------|-----------------|------------------|
| 1 | Salary | 4240710 |
| 2 | Medical | 4534 |
| 3 | TA | 11155295 |
| 4 | OE | 33495 |
| 5 | Other Admn Exp | 2081027 |
| 6 | Prof. Services | 26578430 |
| 7 | 2230-GIA | 14866800 |
| 8 | 3601-GIA | 337900170 |
| 9 | 3602-GIA | 5000000 |
| Grand Total | | 401860461 |

₹35,77,66,970/-

[Handwritten Signature]
21/12/2018

project through an online dashboard provided by the bank. A similar dashboard for monitoring flow of funds and utilization of funds will also be provided to SPIUs - for transferring funds to government and private ITIs and ICs in their States.

Funds to flow only through project account

All possible fund in-flows and out-flows related to the STRIVE project will be through the project account only, irrespective of the source or destination of the funds. Cash inflows in the STRIVE project account may include:

- Funds released by the NPIU through State treasury solely for the eligible expenditures under STRIVE
- Interest if any accrued from Project Account.

Cash outflow from project account may include:

- Eligible expenditures specified in these guidelines.

Change of Project Account

It is not advisable to change the project account. However, in certain circumstances, on a case by case basis, project accounts may be changed with prior approval of the NPIU. Detailed reasons for changing the project account must be submitted to the NPIU, along with a request for approval for changing the project bank account. Upon obtaining approvals from the NPIU, the implementing agency shall open the new project account in the designated Bank empanelled to manage STRIVE project accounts and communicate the details of the new project account to NPIU. In this context, the project IA, whose bank account has changed, must ensure that the unspent project funds are correctly transferred to the new project account. The previous project account should be deactivated and removed from all the documents.

Result area wise specific conditions for release of funds are as follows:

4.1.3.1. Result Area 1 - Improved Performance of ITI

The following are the conditions and principles for release of funds to Project ITIs:

- i. The first tranche in form of advance shall be released to the project ITIs on signing of the PBGA in accordance with Table 11.
- ii. The release of further tranche of funds will be done on an annual basis on meeting targets as agreed in PBGA (Annexure 8).
- iii. Funds will be released directly to the account of the State Society (Project Account) through State Treasury. The State Society, on directive of SPIU, will further release funds to ITI IMC's Society (or equivalent) project bank account.
- iv. Funds shall be released only on achievement of the annual targets. If the target has not been met, funds allocated for the target shall not be released even if expenditure has been incurred towards the target.

Statutory Audit Report: ITI needs to submit statutory audit report of last financial year to SPIU.

Release of subsequent funds against the aforementioned UC would depend on whether the ITI has expended the previous instalments as per Table 30. For the purpose of this condition, expenditure mentioned as eligible expenditure under Table 12 and Table 13 of these guidelines shall only be considered.

4.1.3.2. Result Area 2 - Increased capacities of state governments to support ITI & apprenticeship

The following are the conditions and principles for release of funds to State Societies:

- i. The first tranche in form of advance shall be released to the State/UT on signing of the PBFA in accordance with Table 15.
- ii. Release of funds will be done on an annual basis on meeting targets as agreed in Memorandum of Understanding (MoU) (Refer Annexure 12).
- iii. Funds will be released directly to the account of the State Society (Project Account) through State treasury.
- ✓ iv. Funds shall be released only on achievement of the annual targets. If the target has not been met, funds allocated for the target shall not be released even if expenditure has been incurred towards the target.
- v. KPIs will be verified as per verification protocol defined in Table 19
- vi. In addition to achievement of annual targets, the funds would flow as per following table on meeting the utilization of funds released till date:

Table 31: Fund Allocation and Fund Release Criteria for States

| Year | Fund to be released in the year as % of total allocated fund | Fund Release Criteria |
|------|--|---|
| 0 | 30% | Signing of PBFA |
| 1 | Funds as on achievement of KPIs as per category of state | Utilization of 30% of total funds released till date |
| 2 | | Utilization of 70% of total funds released till last year |
| 3 | | Utilization of 85% of total funds released till last year |
| 4 | | Utilization of 95% of total funds released till last year |

- vii. Along with evidence (as per Table 19) that the target has been met, the SPIU must also provide utilization certificates to show that the earlier grants have been expended as per preceding sub-clause (vi). If expenditure up to such amount has not been incurred, the State/UT will be entitled to receive only the amount equal to the expenditure, even though its target has been met. The remaining amount may

- iv. Funds shall be released only on achievement of targets as specified in IAI plan, if the target has not been met, funds allocated for the target shall not be released even if expenditure has been incurred towards the target.
- v. KPI verification will be done by SAMC through monitoring and quality assurance checks as per the defined roles and functions in the Section 2.3.3.2 basis Table 26 in Section 3.4.6.
- vi. In addition to achievement of targets as specified in IAI plan, the funds would flow as per following table on meeting the utilization of funds released till date:

Table 32: Fund Allocation and Fund Release Criteria for ICs

| Milestone | Fund to be released in the milestone as % of total allocated fund | Fund Release Criteria |
|-----------|---|--|
| 1 | 40% | Signing of Tri-Partite Agreement |
| 2 | 20% | Minimum utilization of 25% of funds released in Milestone 1 |
| 3 | 30% | 100% utilization of funds at milestone 1 and minimum 25% of funds utilised in milestone 2 |
| 4 | 10% | A minimum of 50% of planned apprentices must be either engaged in apprenticeship training or, have appeared for the trade test |

- vii. Along with evidence that the target has been met, the IC must also provide utilization certificates to show that the earlier grants have been expended as per preceding sub-clause (vi). If expenditure up to such amount has not been incurred, the IC will be entitled to receive only the amount equal to the expenditure, even though its target has been met. The remaining amount may be claimed the following year, if proof of expenditure is available. For the purpose of this condition, expenditure may be made on any of the items mentioned in the Eligible Expenditure section 3.4.7 of these guidelines.
- viii. Upon meeting the aforementioned physical targets and fund utilization criteria, the ICs shall submit following for subsequent release of funds:

Utilization Certificate: The utilization certificate showing funds expended against all previous instalments released till date is required to be submitted to respective SPIU prior to release of each instalment as a condition for release.