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कार्यालय महा निदेशक लेखा परीक्षा ,
गृह शिक्षा एवं कौशल विकास ,
नई दिल्ली -110002

ए एम जी -1 /एसएआर /3-61/EAP/STRIVE(WB)/2021-22/ 1204

दिनांक :- 31/1/2022

सेवा में ,

अतिरिक्त सचिव , (ईएपी),
कौशल विकास एवं उद्ध्यमशीलता मंत्रालय ,
श्रम शक्ति भवन , रफी मार्ग ,
नई दिल्ली -110001


1-3 JAN 2022

महोदय ,

विश्व बैंक सहायता प्राप्त STRIVE की वर्ष 2020-21 की लेखा परीक्षा इस कार्यालय के निरीक्षण दल द्वारा की गई है जिससे संबन्धित मूथक लेखापरीक्षा प्रतिवेदन आवश्यक कार्यवाही हेतु संलग्न है । आंतरिक नियंत्रण एवं अन्य मुद्दों से संबन्धित इस कार्यालय की टिप्पणियाँ प्रबंधन पत्र के द्वारा आपको सूचना एवं आवश्यक कार्यवाही हेतु संलग्न है ।

भवदीय



व लेखा परीक्षा अधिकारी
(ए एम जी -1)

संलग्नक:

- (i) Audit Certificate
- (ii) Annexure-A
- (iii) Management letter

मा. प्र. -

1205
3 JAN 2022

317

31/1/2022

पत्र सं ए एम जी -1 /एस ए आर /3-61/EAP/STRIVE/(WB)/2021-22/ दिनांक

लेखा परीक्षा प्रमाण पत्र की प्रतिलिपि सूचना एवं आवश्यक कार्य हेतु सचिव (ईएपी), कौशल विकास एवं उद्ध्यमशीलता मंत्रालय, श्रम शक्ति भवन ,रफी मार्ग ,नई दिल्ली -110001 को प्रेषित की जाती है ।

3 JAN 2022

कि 31

व लेखा प अधिकारी (ए एम जी -1)

पत्र सं ए एम जी -1 /एस ए आर /3-61/EAP/STRIVE/(WB)/2021-22/ दिनांक

1206

31/1/2022

लेखा परीक्षा प्रमाण पत्र की प्रतिलिपि सूचना एवं आवश्यक कार्य हेतु अपर सचिव आर्थिक मामलों का विभाग, वित्त मंत्रालय ,कमरा नंबर 166 -डी पहली मंज़िल , नॉर्थ ब्लॉक , नई दिल्ली - 110001 को प्रेषित की जाती है ।

3 JAN 2022

कि 31

व लेखा प अधिकारी (ए एम जी -1)

पत्र सं ए एम जी -1 /एस ए आर /3-61/EAP/STRIVE/(WB)/2021-22/ दिनांक

1207

31/1/2022

लेखा परीक्षा प्रमाण पत्र की प्रतिलिपि सूचना एवं आवश्यक कार्य हेतु व प्रशासनिक अधिकारी (ईएपी), भारत के नियंत्रक एवं महालेखापरीक्षक का कार्यालय,9,दीन दयाल उपाध्याय मार्ग ,नई दिल्ली -110124 को प्रेषित की जाती है

कि 31

व लेखा प अधिकारी (ए एम जी -1)

Office of the Director General of Audit,
(Home, Education and Skill Development),
New Delhi-110002

AMG-I/EAP/3-61/STRIVE(WB)/2021-22/

dated:-

To,

The Secretary,
STRIVE,
Ministry of Skill Development and Entrepreneurship,
Shram Shakti Bhawan, Rafi Marg,
New Delhi-110001.

Subject:-Report of the Comptroller and Auditor General of India in respect of World Bank assisted Project-Skill Strengthening for Industrial Value Enhancement (STRIVE) Grant Assistance for integrating and enhancing delivery quality of it is (Credit No. 5965-IN) for the year 2020-21.

We have audited the accompanying financial statements of the **Skill Strengthening for Industrial Value Enhancement (STRIVE)** Project financed under World Bank Loan No.5965 IN, which comprise the Statement of Sources and Application of Funds and the Reconciliation of Claims to Total Appropriation of funds for the year ended March 2021. These statements are the responsibility of the Project's management. Our responsibility is to express an opinion on the accompanying financial statements based on our audit.

We conducted 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 respect, the sources and applications of funds of **Skill Strengthening for Industrial Value Enhancement (STRIVE)** Project for the year ended March 2021 in accordance with Government of India accounting standards.

In addition, in our opinion (9) with respect to SOEs, amounting to Rs. 304.92 crore adequate supporting documentation has been maintained to support claims to the world Bank for reimbursement of expenditure incurred and (b) except for ineligible expenditure of Rs 258.34 crore as detailed in Annexure-A to the report, all expenditure are eligible for financing under the Loan/Credit Agreement. During the course of audit, SOEs/FMRs and the connected documents were examined, and these can be relied upon to support reimbursement under Loan/Credit Agreement.

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

Saunyo
28/12/21
Director (AMG-I)

hmm
29/12/21

Annexure-A

Table showing amount of ineligible expenditure of STRIVE
(Amount in Rupees)

Total Claim		3,04,92,12,311
Para 1(Claim of disallowed)	7,21,281	
Para 2 (Claim without obtaining UCs)	2,58,27,22,511	
Total Ineligible amount	2,58,34,43,792	2,58,34,43,792
Net Balance		46,57,68,519

Para 01. Claims of Rs. 7.21 lakh (0.07 crore) disallowed

Scrutiny of vouchers revealed that an amount of Rs.343.33 lakh has been released to KPMG as project management consultant fees during the period of audit which includes reimbursement on account of "Out of pocket expenses incurred while travelling" amounting to Rs. 7.21 lakh (0.07 crore). Supporting documents i.e. Copy of tour program, Name of Official, Air ticket, Food Bill, Hotel Accommodation were not found enclosed with the voucher. In absence of which the expenditure of Rs.7.21 lakh could not be verified in audit.

Bill No	Amount	OPE Expenses
CP00000019	12241168	527489
CP00000289	11734818	169241
CP00001400	10357031	24551
Total	34333017	721281

Para2: Claims without obtaining UCs

Scrutiny of records revealed that an amount of ₹ 281.44 crore was disbursed as Grant-in-aid under MH 2230, 3601 and 3602 during the year 2020-21, against which only thirteen UCs for Rs. 23.17 crore have been received by MSDE. Audit observed that out of total expenditure of Rs.281.44 crore only 23.17 crore is admissible for reimbursement and the remaining 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 ₹ **Rs. 258.27 crore** is disallowed for the claim from the World Bank.

Saumya
30/12/21
Director (AMG-1)

Am
29/12/21

Management Letter

We have audited the annual financial statements of World Bank assisted project on Skill Strengthening for Industrial Value Enhancement (STRIVE) Project financed under World Bank credit no.5965 IN, Ministry of Skill Development for the year ended 2020-21. The following deficiencies which have been noticed during the course of audit are being brought to your kind notice for corrective and remedial action.

(i) Delay in transfer of fund by State Govt. to the Institutes

Ministry of Skill Development and entrepreneurship has started a project Skills Strengthening for Industrial Value Enhancement (STRIVE) with assistance from World Bank in November 2016. STRIVE is one of such pioneering initiative, assisted by the World Bank, with the objective of improving the relevance and efficiency of skills training provided through ITIs and apprenticeships.

The project is being implemented by the Ministry under guidance of National Steering Committee which is assisted by National Project Directorate in Ministry. The Directorate implements the projects through National Project Implementation Unit (NPIU). Under the guidance of NSC, NPIU will be directly responsible and accountable for project implementation, day to day management and coordination, and for meeting the administrative and legal requirement of the GOI and world bank. NPIU will periodically monitor the progress of implementation of the project at the central and state level.

Fund flow procedure for the project is explained as below

Central MSDE Treasury → State Treasury → Department Concerned dealing with Apprenticeship (on the recommendation of SAMC → Industry Cluster (IC)).

As per operations manual note under clause number 4.1.3, conditions for release of funds stated that time frame should not be more than 10 days for transfer of such funds and same would be clearly mandated in the Fund Transfer advice/sanction order from NPIU. Further, NPIU has to ensure that there is no delay in release of fund from state treasury to respective state skill societies.

Audit observed that instructions for following the time frame by the state government for transfer of fund to the respective institutions, have not been clearly specified in the fund transfer advice/sanction order, which appears that instructions of operations manuals are not being followed by the NPIU.

Scrutiny of records and statements of fund flow under the STRIVE project revealed that an amount of Rs.414 cr has been released to different states for further disbursement of fund to state skill societies. Out of which only Rs.357 crore has been released to state skill societies leaving an amount of Rs. 57 crore with the state government (status as on 10 sep 2021). This resulted in parked of fund with state government as well as adverse impact on achievement of targets and key parameters of project.

The year-wise details of release to state government treasury and state skill societies were not provided to audit, in absence of which delay in transfer of fund could not be determined in audit.

Reasons for delay in transfer of fund by State Governments may be expedited under intimation to audit. NPIU should take up the matter with respective State Governments in respect of efficient fund transfer to the respective institutes. Time frame for release of fund should be clearly mentioned in sanction order.

(ii) : Outstanding Utilisation certificate

As per one of the clauses of Operation Manual- STRIVE the utilisation certificate is required to be submitted prior to release of each instalment as a condition for release to NPIU. SPIU would submit consolidated utilisation certificate of all Implementing Agencies in the respective state.

Scrutiny of position of fund release and utilisations certificate revealed that Rs. 354.21 crore have been released by the Ministry was disbursed as Grant-in-aid under MH 2230, 3601 and 3602 during the period 2018-19 to 2020-21 against which utilisation certificates of Rs. 34.77 crore has been received.

The year-wise position of fund release and utilisation certificate received are as under:

Amount in crore

Financial Year	Released Amount	UCs received	Pending UCs
2018-19	38.73	5.91	32.82
2019-20	34.04	5.69	28.35
2020-21	281.44	23.17	258.27
Total	354.21	34.77	319.44

Non-receipt of the utilisation certificates or furnishing of faulty utilisation certificates hamper the release of further grant and subsequently adversely affect the proper implementation of the STRIVE project.

(iii) Internal audit not conducted

STRIVE project envisages fund disbursement to implementing agencies spread over 36 States and UTs, with around 200 private sector IAs. Such a widely dispersed funding structure poses several risks which have been mitigated through specific controls and audit requirements.

As one of mitigation measure to minimize financial risks, the Project design envisages engagement of chartered accountant firm(s) at the state level by State Directorate to conduct integrated procurement and financial management of internal audits on a six-monthly basis. The audits will cover all project ITIs and ICs and will be conducted according to the draft agreed terms of reference (ToR) documented in Section 6.3. The Internal Audit of the Government of India funded Technical Support (TS) component will be conducted by the Internal Audit Unit on a semi-annual basis. The Chief Controller of Accounts heads the Internal Audit unit.

Scrutiny revealed that an amount of Rs.354.21 crore has been released to state government for further disbursement to IAs during the period 2018-19 to 2020-21. But internal audit has not been conducted by State Directorate. Necessary instructions may be issued to state /UT Directors to set up audit committee and update the status of internal audit under intimation to audit.

Saumya
Director (AMG-I) 30/12/21

Am
29/12/21