



Director of Vocational Education & Training Mumbai, Skills Strengthening For  
Industrial Value Enhancement (STRIVE)

Internal Audit Report for Chamber of Marathwada Industries Aurangabad (CMIA),  
Aurangabad (Industry Cluster) and SPIU for the half year ended 30<sup>th</sup> September  
2021

Conducted By  
L.B. Jha & Co.  
Chartered Accountants

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**Internal Audit Report**  
**Of**  
**Director of Vocational Education & Training Mumbai, Skills Strengthening For**  
**Industrial Value Enhancement (STRIVE)**  
**for**  
**Chamber of Marathwada Industries Aurangabad (CMIA), Aurangabad (Industry**  
**Cluster) and SPIU for the half year ended 30<sup>th</sup> September 2021**

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**Appendix- A**

**Period Covered**

**: For the half year ended 30<sup>th</sup> September 2021**

**Date of Report Submission**

**: 06.01.2022**

**Date of Management Response:**

**Date of Final Report Submission:**

***Report discussed with:***

<b>Name</b>	<b>Designation</b>	<b>Engagement Partner</b>	<b>Audit Team</b>
Mr. D.A. Dalvi	Director	Mr. Pratik Agarwal	Mr. Pratik Agarwal Mr. Satish Sharma Ms. Mansi Joshi Ms. Urvi Kawa
Mr. Ravindra Rathore, Aurangabad Cluster	Manager AIC Cell		
Mrs Jayashree Narkhede	Inspector		
Mr. Deepak Damodar	Asstt. Apprentice Adviser (Technical)		
Mr. Gurav	Account officer		



## **Appendix – B**

### **Audit Objective:**

To review overall adequacy and effectiveness of internal control systems and procedures to safeguard assets, compliance with operating policies, procedures, generally applicable laws & regulations.

### **Scope of Work:**

- Non-compliance with Industry Apprenticeship Initiative (IAI) Proposed Plan by Cluster along with STRIVE Manual.
- Procurement of goods and Services by Cluster
- Inventory
- Accounts
- Statutory Compliance and other compliances

### **Audit methodology**

We conducted a review of the process and held discussions with the process owners and other key relevant people at the planning stage of audit enabling us in identifying specific areas where control weaknesses and process gaps may exist, opportunities for process improvement and/or cost reduction/revenue enhancement. Our subsequent test work, study of issues in detail and developing action plans are directed towards the issues identified.

The issues as highlighted in this report have been identified on the basis of review of records, sample verification of documents / transactions during the performance of audit procedures.

We reviewed the accuracy and authenticity of the information gathered carried out analysis thereof.

Our approach to the audit was risk based and was as follows-

- Review the adequacy and effectiveness of the internal controls in the systems and procedures
- Review correctness and integrity of the recordkeeping
- Identify risks involved in various functions and whether there are adequate processes to identify and mitigate those risks
- Identify areas of losses and ineffective operations





### Limitations:

- As it is not possible to study all aspects of a process in its entirety thoroughly during the limited time period of an internal audit, based on our methodology for conducting internal audits, we conducted a review of the process and held discussions with the process owners and other key relevant people at the planning stage of audit enabling us in identifying specific areas where control weaknesses and process gaps may exist, opportunities for process improvement and/or cost reduction/revenue enhancement. Our subsequent test work, study of issues in detail and developing action plans are directed towards the issues identified.
- The issues as highlighted in this report have been identified on the basis of review of records, sample verification of documents / transactions during the performance of audit procedures. As the basis of sample selection is judgmental, the outcome of the analysis may not be exhaustive and representing all possibilities, though we have taken reasonable care to address the major eventualities.
- It is important to recognize that the audit procedures are generally based on the concept of selective testing of the data being examined and are, therefore, subject to the limitation that material error, fraud and other illegal acts having a direct and material financial impact, if they exist, may not be detected. Also, because of the characteristics of fraud, particularly those involving concealment through collusion and falsified documentation (including forgery), an internal audit may not detect a material fraud. We will however, communicate to you as appropriate, any illegal act, material errors or evidence that fraud may exist, identified during the course of our work.



**Part- A**

**Internal Audit Report  
for Chamber of Marathwada Industries Aurangabad (CMIA), Aurangabad (Industry  
Cluster) for the half year ended 30<sup>th</sup> September 2021**

**Detailed Observations**

**Observation: 1**

**Area: Industry Apprenticeship Initiative (IAI)**

Observation Heading	Industry Apprenticeship Initiative (IAI)			
Risk Rating:	<input checked="" type="checkbox"/> High	<input type="checkbox"/> Medium	<input type="checkbox"/> Low	
Issue /Observation:- Industry Members, Defaults in fulfilling requirements in Governing Committee composition				
<b>1.1 Non-compliance with Industry Apprenticeship Initiative (IAI) Proposed Plan by Cluster along with STRIVE Manual.</b>				
<b>a. Industry Members not registered in National Apprenticeship Portal.</b>				
As per clause 3.4.5 of operational manual and as per IAI Proposal Submitted by CMIA Strive, there are 38 member companies of industrial cluster which are expected to participate in activities. However, as per STRIVE Manual, Every Industry member are mandatorily required to get themselves registered in National apprenticeship portal. During the audit, it was observed that there were 5 Member companies of Industry cluster which are still not registered on National Apprenticeship Portal.				
The lists of such companies are as follows:-				
<ul style="list-style-type: none"> <li>• Trimurti Fundtech Pvt. Ltd.</li> <li>• Luans Electricals.</li> <li>• Vedant Engery Solutions LLP</li> <li>• Saurabh Heat Treatment.</li> <li>• Pawan Precisions.</li> </ul>				
<b>b. Defaults in fulfilling requirements in Governing Committee composition:-.</b>				
While referring STRIVE Manual in Annexure 19 and with IAI Proposal submitted to CMIA Strive, it is a requirement of STRIVE Manual that Governing Committee must include at least one women member, but it was observed that no women member was part of the Governing Committee. Also, as per clause mentioned in Annexure 34 of STRIVE Manual Works and Goods Procurement Committee, representatives of business member organizations who are not				



forming part of Governing Council of Industry Cluster are to be appointed. However, there were common members found in the Governing committee as well as Works and Goods Procurement Committee. This violates the guidelines of STRIVE Manual, also may create manipulation of Authority dedicated to respective committee as per manual, for procurement. Such common members are listed below:-

GOVERNING COMMITTEE	WORKS AND GOODS PROCUREMENT COMMITTEE
a. Mr. kamliesh Dhoot	b. Mr. kamliesh Dhoot
c. Mr. Ashish garde	d. Mr Ashish garde
e. Mr. Prasad kokil	f. Mr. Prasad kokil

Root Cause:	<input checked="" type="checkbox"/>	Operational Non- Compliance	<input type="checkbox"/>	System Deficiency	<input type="checkbox"/>	Lack of Policy
Management Response :						





**Observation: 1.1****Detailed Observations****Area: Industry Apprenticeship Initiative (IAI)**

<b>Observation Heading</b>		<b>Lacking in filling up proposed number of apprentices</b>																								
<b>Risk Rating:</b>	<input checked="" type="checkbox"/> High	<input type="checkbox"/> Medium	<input type="checkbox"/> Low																							
<b>Issue /Observation: Lacking in filling up proposed number of apprentices</b>																										
<b>c. Lacking in filling up proposed number of apprentices</b>																										
<p>As per Course plan submitted in IAI Proposal in point number 4, regarding Minimum Apprentices required in course, it was found that actual apprentice was comparatively less. As per IAI Proposal every year around 120 apprentices to be trained, but on comparing the progress along with plan submitted, we found that only 81 apprentices were trained out of which 20 have recently joined PSB Assembly course, and rest 61 are having on job training. However, as per plan submitted by end of second year unit has proposed to get minimum of 240 apprentices trained. Moreover, on asking for attendance on job trainees to know exactly how many apprentices are on board for training at present, we were informed that 57 apprentice however, during the audit we were not provided with attendance record of such apprentice. It was also noted that out of 5 selected course fitter fabrication course was still not started.</p> <p>Details of course and number of apprentices are given below.</p> <table border="1"> <thead> <tr> <th>Course</th> <th>Total apprentices</th> <th>Minimum Apprentice required as per plan</th> </tr> </thead> <tbody> <tr> <td>PCB assembly</td> <td>42</td> <td>20</td> </tr> <tr> <td>Machine operator</td> <td>11</td> <td>20</td> </tr> <tr> <td>CNC programmer</td> <td>16</td> <td>40</td> </tr> <tr> <td>operator rolling mills and equipment</td> <td>12</td> <td>20</td> </tr> <tr> <td>Fitter fabrication</td> <td>0</td> <td>20</td> </tr> <tr> <td><b>Total</b></td> <td><b>81</b></td> <td><b>120</b></td> </tr> </tbody> </table>						Course	Total apprentices	Minimum Apprentice required as per plan	PCB assembly	42	20	Machine operator	11	20	CNC programmer	16	40	operator rolling mills and equipment	12	20	Fitter fabrication	0	20	<b>Total</b>	<b>81</b>	<b>120</b>
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PCB assembly	42	20																								
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<b>Root Cause:</b>	<input checked="" type="checkbox"/> Operational Non-Compliance	<input type="checkbox"/> System Deficiency	<input type="checkbox"/> Lack of Policy																							
<b>Management Response :</b>																										






### Detailed Observations

#### Observation: 1.1

Area: Industry Apprenticeship Initiative (IAI)

<b>Observation Heading</b>	Non compliance with health and safety of apprentice as per plan so proposed				
<b>Risk Rating:</b>	<input checked="" type="checkbox"/> High	<input type="checkbox"/> Medium	<input type="checkbox"/> Low		
<b>Issue /Observation:-</b> Non compliance with health and safety of apprentice as per plan so proposed, Default in arranging training activities & Lack in compliance with Quality Assurance Mechanism					
<b>d. Non compliance with health and safety of apprentice as per plan so proposed.</b>					
<p>As per IAI Proposal in Point No.14, regarding occupational health and safety of apprentice who will be trained, CMLA Strive has mentioned that they will be providing safety tools to all the apprentice but on verification it was found that only 29 apprentices were provided with safety kit out of 81 apprentices as per their records. In addition, stock of safety material was received on 7<sup>th</sup> April, 2021 but was not distributed to all apprentice till 27<sup>th</sup> October, 2021. Moreover, the quantity of safety kit order was much more than actually required and distributed. Nearly, safety kit amounting to Rs. 70000/- was still lying-in stock remaining undistributed. The picture of the stock which were not used are given below:</p>					
					
<div style="border: 1px solid black; padding: 5px; display: inline-block;">Details of the stock unused</div>					

**e. Default in arranging training activities.**

As per point no.10 of IAI Proposal, there was list of certain activities planned to improve the training skills and capacity building plan for participating enterprises and supervisors and staff engaged in IAI Delivery. However, it was observed that numbers of activities actually planned were comparatively much less than actually estimated in plan submitted. Out of which, Manager/ member enterprise were to be trained by RDAT/NSDC/SSC, no activities were conducted till date of audit i.e. 31.10.2021. In addition, workshops were to be organized once in every quarter, in which training was to be provided by SSCs, CMIA, GIZ out of which only one training was provided in month of October, 2019. Also, other training programs for industry cluster members which were to be organised twice in year was also conducted only once.

**f. Lack in compliance with Quality Assurance Mechanism**

As per point 12 of IAI Plan submitted by cluster, it was observed that cluster fails to comply with procedure listed and records such as attendance records, logbook of apprentice, periodical assessments of students, students feedback, grievance redressal and SOP was not maintained. Moreover, present number of apprentices came down to 57 out of 81, but feedback or records from students were not taken.

Root Cause:	<input checked="checked" type="checkbox"/>	Operational Non- Compliance	<input type="checkbox"/>	System Deficiency	<input type="checkbox"/>	Lack of Policy
Management Response :						





**Observation: 2.1****Detailed Observations****Area: Procurement**

<b>Observation Heading</b>	<b>Procurement of goods and services by Cluster</b>				
<b>Risk Rating:</b>	<input checked="" type="checkbox"/> High	<input type="checkbox"/> Medium	<input type="checkbox"/> Low		
<b>Issue /Observation:- Non approval of procurement of plan, No PO &amp; Work order issue, Non approval of expenditure, No proper quotation &amp; same type quotation</b>					

**2.1 Procurement of goods and services by Cluster****a. No Approval of procurement of plan from SSC and SAMC.**

We have observed that cluster had submitted the approval plan to SAMC. As per the STRIVE Operation Manual the approval should be approved by the SAMC and State Steering Committee and they can make modification in procurement plan, if necessary. During the audit, we have not been provided with any approval copy of procurement plan from SAMC and State Steering Committee.

**b. No Purchase and Work order issued to Vendor**

The procurement process requires that after taking approval from Goods and Works Committee, purchase order is to be created and it is sent to the selected vendor. We have observed that cluster is not making purchase and work order during purchase of any goods and service.

**c. No approval of expenditure taken from delegated authority**

As per operation manual 4.2.4 Delegation of Administrative and Financial Powers by the State Governments to the "Competent Authorities" of Government/Private ITIs and ICs. We have observed that in STRIVE Operation Manual financial powers for expenditure up to Rs. 1 lakh for industry cluster is given to Treasurer/Authorized Officer of Goods and Works Procurement Committee (GWPC) of IC. In Aurangabad Industry Cluster all procurement and expenses were made after taking approval from GWPC. We have found in two cases were expenditure made by cluster but the approval of treasurer / authorised person and Goods and Works Selection Committee was not found. The details are given below:-

Voucher No.	Expenditure	Amount (Rs)
BP-2021-22-51	CMIA Pulse advertisement	30090
BP-2020-21-56	Expenses for manager and supervision during training	3192

**d. No Proper quotation taken from vendor.**

As mentioned in STRIVE Operation Manual page number XVIII for shopping Procurement method based on comparing price quotations obtained from several national suppliers, usually

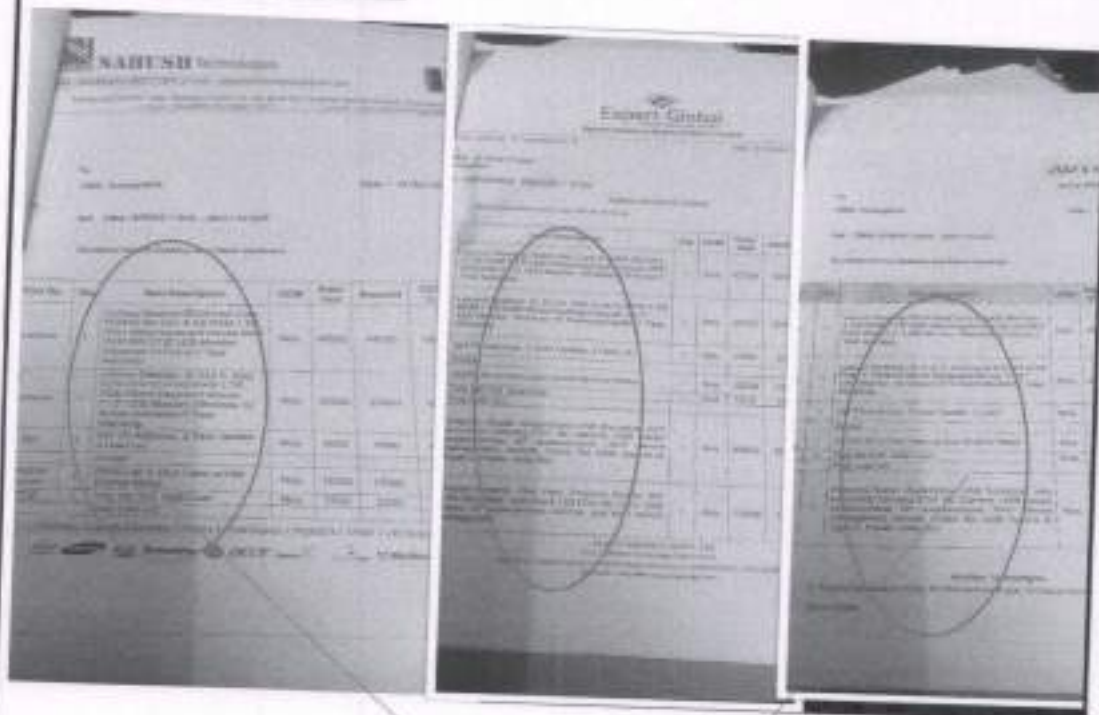


at least three to ensure competitive prices, whenever a need for goods arises. The cluster is required to obtain at least 3 quotations from different vendors describing specifications required in goods and then committee is required to properly evaluate the quotations received. Moreover, requirement of quotations should be communicated in written form mandatorily, either via uploading the requirements on site or sending mails to vendors.

During audit it was observed that Industry cluster, Aurangabad, was not following proper procedure to obtain quotation from vendors for procurement of assets and other equipment. The vendor quotations do not properly describing the specifications/quality of goods to be procured and the same was accepted by IC. It was even observed that format of quotations of different vendors were found same including the brand and sequence of line items. Goods and Works Selection Committee have not evaluated quotations properly before placing order to vendors. The requisition of quotations was normally done via telephonic communication.

Details of sample of the quotation having similar sequence of line items including same brand, even when no specifications regarding brand or otherwise was given by cluster are listed below.

**i. Same Type of quotation**



Cluster had purchase laptop ask quotation from vendor without sending any format to vendor for filling of quotation but quotation were received of same format and same brand of laptop in all the quotation copies.





Root Cause:	2	Operational Non- Compliance	<input type="checkbox"/>	System Deficiency	<input type="checkbox"/>	Lack of Policy
Management Response :						



**Observation: 2.1**

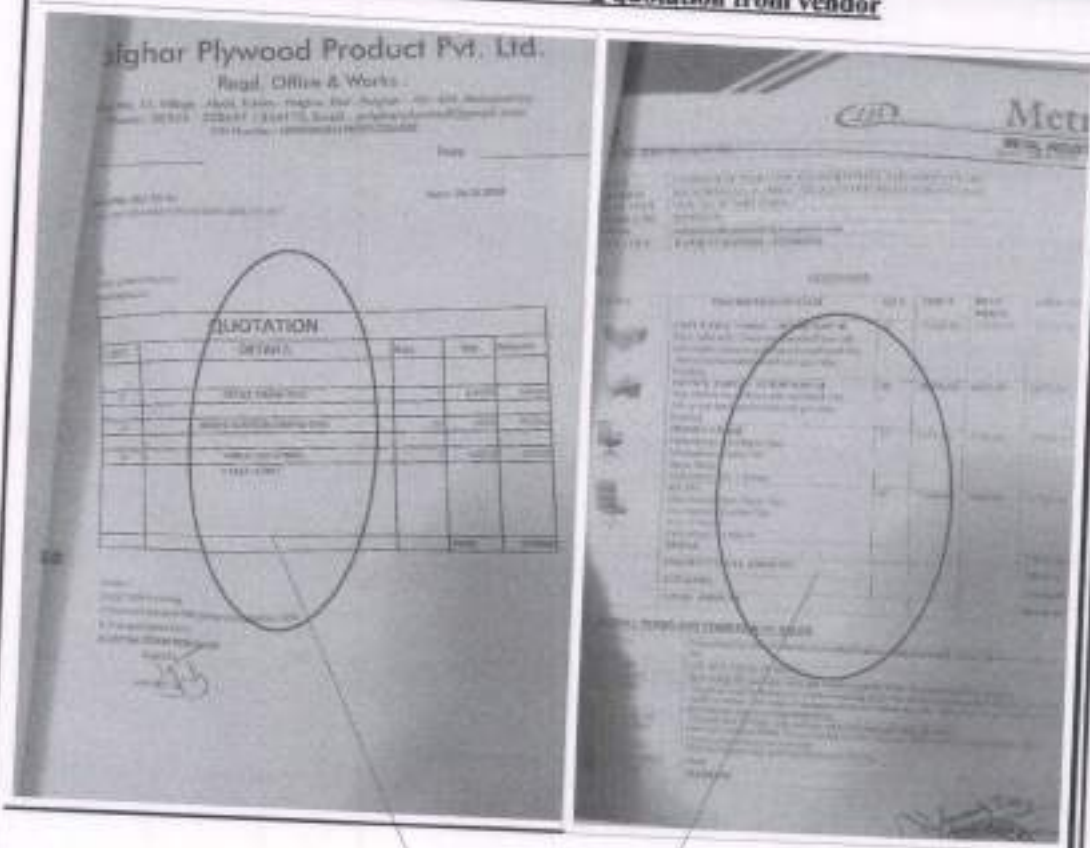
**Detailed Observations**

**Area: Procurement**

<b>Observation Heading</b>	<b>Procurement of goods and services by Cluster</b>				
<b>Risk Rating:</b>	<input checked="" type="checkbox"/> High	<input type="checkbox"/> Medium	<input type="checkbox"/> Low		

**Issue /Observation:- Quotation from vendor**

**ii. No specification mentioned while asking quotation from vendor**



Cluster had purchase furniture bit vendor in their quotation copies do not mentioned about quality of wood and other specification details. The GWSC committee was not evaluated quotation as per specification of vendor quotation .Cluster had selected laminated board used furniture which are low quality than wood made furniture .Cluster has to specify the specification first and collect quotation as per the specification .If no specification was send by vendor than quotation not to be accepted.



Root Cause:	<input checked="" type="checkbox"/>	Operational Non-Compliance	<input type="checkbox"/>	System Deficiency	<input type="checkbox"/>	Lack of Policy
Management Response :						



### Detailed Observations

#### Observation: 2.1

Area: Procurement

<b>Observation Heading</b>	<b>Procurement of goods and services by Cluster</b>			
<b>Risk Rating:</b>	<input checked="" type="checkbox"/> High	<input type="checkbox"/> Medium	<input type="checkbox"/> Low	
<b>Issue /Observation:- Purchase of assets without mentioning details in procurement plan, Capital expenditure</b>				
<b>e. <u>Purchase of assets without mentioning details in procurement plan submitted to SAMC for approval.</u></b>				

As per procurement procedure, whenever any assets or goods are purchased it should be mentioned in procurement plan and IAI plan submitted for due approval from SAMC. However, cluster has purchased assets which were not mentioned in procurement plan and also in revised IAI plan. Further no such approval from SAMC was taken before procurement of such assets.

Details of such assets are listed below.

Particulars	Amount (Rs)
Video conferencing unit, television and polycon studio.	171402.

#### **f. Ineligible Expenditure as per STRIVE Operational Manual:-**

While verifying the incurred expenditure for the half year ended 30<sup>th</sup> September 2021 and comparing the same with STRIVE Operation Manual clause no 3.4.7 Eligible and Ineligible Expenditure, following expenditure will be disallowed out of total expenditure incurred of Rs.28.01 lakhs.

Description	Amount Incurred	Remarks	Total ineligible expenditure
Intact Boon –Smart Interactive Board	190000	Full disallowed	190000
Furniture-office table ,chair	86140	Disallowed more than Rs.25000 and also improper quotation taken from the vendor	61140
Carpet & Curtan	31790	Full disallowed	31790
Computer , printer webcam , network switch	166196	Disallowed due to improper quotations taken from the vendor	166196
Video conferencing unit , Polycon Studio ,Television and installation charges	176830	Full disallowed	176830
<b>Total</b>			<b>625956</b>

L.B. Jha & Co.  
Chartered Accountants





g. Capital Expenditure made excess that mentioned in procurement plan

Industry cluster can incurred capital expenditure as per the procurement plan only. The capital expenditure on machinery equipment, furniture and office equipments were fixed in the procurement plan submitted to SAMC. We have observed that cluster had made a capital expenditure excess than the limit set in procurement plan. The details are given below:-

Assets	Limit as procurement plan (Rs) (2 Year )	Actual expenditure (Rs)	Variance (Rs.)
Machinery and equipment	200000	536476	-336476
Furniture, Fixture and office equipment	450000	359407	90593
<b>Total</b>	<b>650000</b>	<b>895883</b>	<b>-245883</b>

Further we observed that cluster had purchased Carpet and curtain of Rs.31790 but they were not taken as asset in the fixed asset register. The asset register was not prepared as per the format given in operation manual.

Root Cause:	<input checked="" type="checkbox"/>	Operational Non-Compliance	<input type="checkbox"/>	System Deficiency	<input type="checkbox"/>	Lack of Policy
Management Response :						



### Detailed Observations

**Observation: 3.1**

**Area: Inventory**

<b>Observation Heading:</b>	<b><u>Non authorisation of issue slips of consumable Items</u></b>					
<b>Risk Rating:</b>	<input checked="" type="checkbox"/> High	<input type="checkbox"/> Medium	<input type="checkbox"/> Low			
<b>Issue /Observation:- Non authorisation of issue slips of consumable Items</b>						
<p><b>a. <u>Non authorization of issue slips of consumable Items</u></b></p> <p>While scrutinizing the vouchers, it was observed that stores consumables were issued to staff without authentication from concerned person. Nearly 54 slips were issued from November, 2020 till date of audit i.e. 31.10.2021 and most of them were not approved by concerned person and some were found without receivers signature as well. On discussion with the concerned person it was explained that the person in charge of such approvals was on leave when slips were issued and later she left the organization. Such practices may result in mishandling of consumables and there can also be theft of stores consumables. It is however advised that someone should be made accountable for issue of consumables</p>						
<b>Root Cause:</b>	<input checked="" type="checkbox"/> Operational Non-Compliance	<input type="checkbox"/> System Deficiency	<input type="checkbox"/> Lack of Policy			
<b>Management Response :</b>						



**Observation: 4.1****Detailed Observations****Area: Accounts**

Observation Heading	Accounts			
Risk Rating:	<input checked="" type="checkbox"/> High	<input type="checkbox"/> Medium	<input type="checkbox"/> Low	
Issue /Observation:-Procurement plan and actual expenses, salary of staff, outstanding vendor bill dispute				
<p><b>a. <u>Deviation in Price of asset as mentioned in procurement plan and Actual expenditure</u></b></p> <p>While verifying the purchase register, we found that cluster have purchase asset as per procurement plan. In procurement plan, cluster had given tentative rate of asset and number of asset quantity to be purchased. We observed that the rate mentioned of asset in procurement plan was very less than actual buy rate of asset. Due to increase in price the actual number of assets required for project have been reduce. The number of assets which was needed for STRIVE project was not procured due to increase in price of the asset as per the procurement plan. The details of the asset variance are given in <u>Annexure -1</u></p>				
<p><b>b. <u>Salary of staff not paid due to non-available of funds</u></b></p> <p>To execute the STRIVE project staffs were recruited for day-to-day work. While verifying the various records we have found that salaries to staff were not paid by the industry cluster because of non-available of funds. We found that total Rs.20954 Salary was outstanding for two months.</p>				
<p><b>c. <u>Vendor bill outstanding because of dispute between cluster and service provider.</u></b></p> <p>While verifying the vouchers we have found that one outstanding bill of Rs.89600 of party namely Marathwada Private Industrial Training Institute was outstanding. The institute had provided training to apprentice which were send by cluster to institute. As per discussion with the concern person of cluster we found that service had provided by the Institute but the apprentice details were not inserted in apprentice cell on time and all the apprentice were stopped from taking initiative in training. As per operation manual expenditure allow only if trades are executed and registered in Apprenticeship operating cell. The details of trainer was also not registered.</p>				
Root Cause:	<input checked="" type="checkbox"/> Operational Non-Compliance	<input type="checkbox"/> System Deficiency	<input type="checkbox"/> Lack of Policy	
Management Response :				





### Detailed Observations

#### Observation: 5.1

##### Area: Statutory compliance

Observation Heading	Statutory compliance			
Risk Rating:	<input checked="" type="checkbox"/> High	<input type="checkbox"/> Medium	<input type="checkbox"/> Low	
Issue /Observation:- TDS, Industry Cluster, Depreciation on Fixed Assets, Books of Accounts				
<b>5.1 Statutory Compliance and other compliances</b>				

##### **a. TDS were not deducted and deposited during payment**

As per section 194J on Income Tax Act, 1961, every business entity required to deduct TDS when it received service from professional or technical person. The minimum payment limit of deduction of TDS under this section was Rs.30000 in a year. We have observed that in two cases cluster had made payment more than 30000 but TDS was not deducted @10 %. The details are given below :-

Party Name	Amount	TDS to be deducted @10%
L&T training Academy	57525	5752.5
Manu electrical and training	129690	12969
MIT	71585	7158.5
<b>Total</b>		<b>25880</b>

Further, it was observed that Professional Tax and TDS were deducted by cluster amounting to Rs. 38000/- approximately while making payments, but the same was not deposited to the Government. This would attract interest and penalty at time of actual deposit.

##### **b. Aurangabad Industry cluster was not registered as society/ Trust**

As per the STRIVE operation manual, Industry cluster should be registered as society /Trust /section 8 companies before making an agreement with Chamber of Marathwada Industries and Agriculture Aurangabad. This trust was doing various work related to object of the trust. For implementing the STRIVE project a separate entity should be formed and maintain books of account separately. Chamber had not taken STRIVE Grant in his own books of account due to which STRIVE staff had not taken PT tax number and TAN number so that TDS can be deposited on time .





**c. No depreciation made on fixed assets purchased and wrong booking of value of fixed assets**

As per clause 4.1.6 ( III ) of STRIVE operation manual, fixed assets to be recorded at gross value excluding taxes in book, While verifying fixed assets records it was observed that fixed assets was recorded at net value inclusive of taxes. However, the same was rectified during the audit. It was also observed that unit is not charging depreciation on fixed assets as mentioned in operation manual that cluster have to depreciate it fixed assets as per the Act.

**d. No Books of account were maintained by the cluster.**

As per clause 4.1.4.2 of STRIVE Operation manual, State Societies are required to maintain separate books of accounts for STRIVE project. Project ITIs and ICs are required to maintain separate books of accounts and prepare annual financial statements as laid down in their by-laws. Cluster have to maintain books of account properly as per dual entry system. During the audit it was observed that the unit follows single entry system of accounting. All the transactions are merely record keeping bank book as base and actual system of accounting is not followed. This practice will mislead the financial statements of unit and figures there won't be able to showcase true and fair view. It is therefore, advised that unit shall follow dual accounting model and also pay statutory liabilities within prescribed time to avoid interest and penalty levied thereon.

Root Cause:	<input checked="" type="checkbox"/>	Operational Non-Compliance	<input type="checkbox"/>	System Deficiency	<input type="checkbox"/>	Lack of Policy
Management Response :						



**Part- B**

**Internal Audit Report  
for State Project Implementation Unit (SPIU) for the half year ended 30<sup>th</sup> September  
2021**

**Detailed Observations**

**Observation: 1**

**Area: STRIVE Operational Manual**

<b>Observation Heading</b>	<b>Industry Apprenticeship Initiative (IAI)</b>			
<b>Risk Rating:</b>	<input checked="" type="checkbox"/> High	<input type="checkbox"/> Medium	<input type="checkbox"/> Low	
<b>Issue /Observation:-Annexures</b>				
The STRIVE Manual do talks about various annexures that need to be submitted on a time to time basis for its approval. However it was observed that following annexures were not submitted by the SPIU and IC's:-				
<b>Non Submission of annexure details as per STRIVE Project Operation Manual</b>				
<b>Annexure Details</b>	<b>Status</b>			
Annexure 20A: Quarterly Performance cum Achievement Report - For ITIs	Not Submitted			
Annexure 20B: Quarterly Performance cum Achievement Report - For Result Area 2	Not Submitted			
Annexure 20C: Quarterly Performance cum Achievement Report - For Industry Clusters	Aurangabad- Submitted for September 2021 but there was no receiver signature from CG  For other IC's- not submitted			
Annexure 22: Asset Register	Not Prepared in proper format			
Annexure 23: Imprest Management for Result Area 1 and Result Areas 4	Not Submitted			
Annexure 24: Interim Unaudited Financial Report (IUFR)	Not Submitted			
Annexure 26: Statement in lieu of Balance Sheet at Beneficiary Level	Not Submitted			
Annexure 28: Quarterly Statement of Expenditure (SoE) consolidated at NPIU	Not Submitted			
Annexure 29: Closure Utilization Certificate	All UC's are not yet submitted			



Annexure 30: Consolidated Procurement Plan of IC for entire project (year-wise)		Approvals not available	
Annexure 35: Baseline Data Formats for Instructors Vacancy-ITIs		Not Submitted	
Annexure 36: Baseline Data Formats for Instructors Vacancy-States		Not Submitted	
Annexure 37: Results Area 1: Improved Performance of Industrial Training Institutes		Not Submitted	
Annexure 38: Results Area 2: Increased Capacities of the State Governments to Support Industrial Training Institutes and Apprenticeship Training		Not Submitted	
Annexure 39: Result Areas # 4: Improved and Broadened Apprenticeship Training		Submitted for CMIA, Aurangabad IC.	
Annexure 40: Grievance Redressal Form		For other IC's-Not Submitted	
Root Cause:		Not yet developed	
<input checked="" type="checkbox"/>	Operational Non-Compliance	<input type="checkbox"/>	System Deficiency
		<input type="checkbox"/>	Lack of Policy
Management Response :			





### Detailed Observations

#### Observation: 2

#### Area: Expenses and Statutory Compliances

<u>Observation Heading</u>	<u>Statutory compliance</u>			
<b>Risk Rating:</b>	<input checked="" type="checkbox"/> High	<input type="checkbox"/> Medium	<input type="checkbox"/> Low	

#### Issue /Observation:- Expenses and Statutory Compliance

##### Non Opening of Saving Bank Account:-

As per Office Memorandum dated 23.03.2021, every State Government will designate a Single Nodal Agency (SNA) for impending each Centrally Sponsored Schemes (CSS). The SNA will open a Single Nodal Account for each CSS at the state level in a scheduled Commercial Bank authorize to conduct government business by the State Government

The DVET, STRIVE project is in process of converting Bank of India current Account into Saving bank account

##### Bank Charges:-

It was observed that grant has been disbursed to all ITI's and IC's and later on it was returned by them as per the instructions of the Government. The bank at all ITI's had charged Rs.11760 as bank charges in cumulative for non-maintaining of account balance.

##### Expenses incurred in Ambernath- ITI:-

It was found that Ambernath-ITI had incurred expenditure of Rs.16100 but neither details of these expenditure and nor the Utilization Certificate not available for verification purpose.

##### Expenses incurred at Result Area -2 for Rs.650000/-:-

We have verified the expenses incurred of Rs.650000 at SPIU level for the half year ended 30<sup>th</sup> September 2021 and our observations are as follows:-

- Rs. 4.54 lakhs incurred for advertisement expenses out of which Rs.2.00 lakhs was paid to one vendor namely, Bennett Coleman & Co. Ltd. without deduction of TDS @ 2% under the Income Tax Act, 1961.
- Rs.1.16 lakhs paid to OIFL Ambernath instructor for training purpose. The invoice copy from the trainer was not found.
- Rs.0.80 was incurred for catering expenses during training but no neither any quotations were taken not any work order was issued to the vendor.





Further Rs. 0.25 lakhs was incurred by State Apprenticeship Monitoring Cell (SAMC) for full and final settlement of consultant namely Sachin.

**Non preparation of BRS:-** The bank reconciliation statement was not prepared by the SPIU.

**Non maintaining of books of account:-** The proper books of account was not maintained at SPIU.

Root Cause:	<input checked="" type="checkbox"/>	Operational Non- Compliance	<input type="checkbox"/>	System Deficiency	<input type="checkbox"/>	Lack of Policy
Management Response :						



Annexure-I

Internal Audit Report of STRIVE Project  
for the half year ended 30.09.2021

Variances in rates as per plan and actual procurement rate

Type of asset	Sl. No.	Name of the Items as per DGET syllabus.	Specification of the item as per DGET	Quantity Required for 50 students	Indicative, non-negotiated cost of each unit of the item.	Approximate Total cost for purchase of the item (Rs)	Purchased quantity as per actual	Amount with GST	Price per Unit as per actual	Variance in quantity purchased	Variance in price
<b>Machinery and equipment's</b>											
	1	Dial vernier calliper	0 - 200 mm LCO 0.05 mm. (Universal type).	5	1750	8750	1	13716.32	13716.32	4	-11966.3
	2	Screw thread micrometer	with interchangeable 0-25mm. Pitch anvils for checking metric threads 60	5	4200	21000	1	11204.1	11204.1	4	-7004.1
	3	Depth micrometer	0-25 mm 0.01 mm	5	2800	14000	2	9326.72	4663.36	3	-1863.36
	4	Vernier calliper	0-150 mm. L.C. 0.02 mm	5	1600	8000	2	4717.64	2358.82	3	-758.82
	5	Digital Micrometer	0-25 mm outside L.C. 0.001 mm	5	4500	22500	2	15252.68	7626.34	3	-3126.34



6	Comparators stand	with dial indicator LC 0.01mm	5	2600	13000	2	11632.44	5816.22	3	-3216.22
7	Engineer's try square	knife-wedge 150 mm blade	5	1500	7500	2	4389.6	2194.8	3	-694.8
8	Surface roughness comparison plates (set)	N1-N12 grade	5	4500	22500	1	14266.2	14266.2	4	-9766.2
9	Digital Vernier calliper	0-150 mm. I.C. 0.001 mm(Optional)	5	5000	25000	2	14594.24	7297.12	3	-2297.12
<b>Furniture, fixtures and office Equipment</b>										
1	Computers - Desktop	Office HP	3	40000	120000	2	87230	43615	1	-3615
2	Printer / Xerox	HP	1	45000	45000	1	74930	74930	0	-29930
3	Cubicle set up	10 X 10	6	5000	30000	1	12390	12390	5	-7390
5	Video conferencing equipment's(Camera, internet connection, screen, mic and speakers, projector				150000	1	171402	171402	-1	-21402

