

# **Internal Audit Report**

**(01.04.2020 to 31.03.2021)**

## **Skills Strengthening for Industrial Value Enhancement (STRIVE)**

By  
Directorate General of Training  
Ministry of Skill Development and Entrepreneurship  
Government of India

**Internal Audit conducted by**

**KGRS & CO and Biswas Dasgupta Datta & Roy  
Chartered Accountants**

**Report issued on 9<sup>th</sup> November, 2021**

## Overview

Skills Strengthening for Industrial Value Enhancement (STRIVE) is a World Bank funded project that has been approved by Expenditure Finance Committee (EFC) in November 2016 for a total cost of Rs. 2200 crore (US \$ 318 million). The project falls under the Programme for Results (P4R) based category of World Bank that ensures outcome based funding. The project aims at creating awareness through industry clusters/ geographical chambers that would address the challenge of involvement of micro, Small and Medium-sized Enterprises (MSMEs). The Project would also aim at integrating and enhancing delivery quality of ITIs. In order to ensure achievement of outcome these ITI would be competitively selected for upgradation under the scheme.

Committee for Economic Affairs (CCEA) has approved STRIVE and the loan agreement between Government of India & World Bank has been signed on 19.12.2017. The project management consultancy has been on-boarded. The operations manual has been prepared in consultation with World Bank and has been approved by National Steering Committee meeting chaired by Secretary, MSDE on 3rd January'2019. Implementation of project has been started and workshops with states and industries clusters are planned.



Audit Report of STRIVE for the period from 1<sup>st</sup> April 2020 to 31<sup>st</sup> March, 2021.

### 1. Details of Audit:

Name of the Audit Units	:	Skills Strengthening for Industrial Value Enhancement (STRIVE)
Address of Head Office	:	Department of Technical Education, Training & Skill Development, Government of West Bengal Karigari Bhawan Plot No. B-7, AA-III, 2nd Floor, Newtown, Rajarhat, Kolkata, West Bengal 700160
Address of Offices visited	:	<b>Karigari Bhawan</b> Plot No. B-7, AA-III, 2nd Floor, Newtown, Rajarhat, Kolkata, West Bengal 700160
Audit conducted by	:	KGRS & Co., Chartered Accountants
Persons in Audit Team	:	CA Saptarshi Deb Barman CMA Suman Dutta
Audit period	:	1 <sup>st</sup> April 2020 to 31 <sup>st</sup> March 2021
Date of Audit	:	28 <sup>th</sup> September 2021
Date of Audit Report	:	9 <sup>th</sup> November, 2021
Persons Contacted	:	Mr. Nirmalya Sarkar (Financial cum Procurement Specialist)



## 2. SCOPE:

In conducting the internal audit, special attention should be paid to assessing whether adequate controls have been established and complied with to ensure that:

- GoI funds have been provided and used in accordance with the relevant agreements with States, UTs, Govt. ITIs, Private ITIs, Central Institutes and Industry Clusters with due attention to economy and efficiency, and only for the purposes for which they were provided;
- Goods and services financed have been procured in accordance with the relevant financing agreement and procurement norms as laid out in the operations manual;
- All necessary supporting documents, records, and accounts have been kept in respect of all project ventures including expenditures reported via Statement of Expenditures.
- The project accounts have been prepared in accordance with consistently applied Indian Government Accounting Standards in this respect and give a true and fair view of the financial situation of the project at the year end and of resources and expenditures for the year ended on that date.
- The Internal Auditor would require verify the procurement processes being followed at the ITIs, ICs and State Societies are as per Procurement Guidelines under STRIVE project as per para 4.2 of the OM. The internal audit report must report on any variation in the procurement process as laid by the Procurement Guidelines in the OM.



**3. DISCLAIMER:**

We do not express an opinion or conclusion about the responsibility of any individual or entity named in the report for issues observed by us. Except of this report should not be read in isolation from the full report and associated appendices. We recognize that individuals and organizations named in this report may or may not fully agreed with our interpretations of events and will be especially sensitive to the extent our findings appear adverse to them. No part of the document can be produced before any authority or court or any personnel in support of any act whatsoever. KGRS & co. would not be liable for any kind of loss sustained due to reliance on the content of the report.



4. **GENERAL OBSERVATION & RECOMMENDATION**

I. **Observation in relation to Memo no. DGT-35(4)/STRIVE-Misc./2020-21/NPIU dated 08.10.2021 issued by Director (project) in respect to Additional requirements for internal audit under STRIVE**

**Seen:**

It was observed that Complete procurement program action plan (Procurement PAP) was duly mentioned on the website ([www.wbscvt.org](http://www.wbscvt.org)) of the society, State Council of the Vocational Training under which the STRIVE project is being implemented. It was also found that the selection of ITIs which shall obtain the PB grant under STRIVE in terms of the procurement plan has been done and the PB fund is being sent in the FY 2021-22 to the selected ITIs.

It was also found that a grievance form to record procurement related complaint was attached in the website where complain in relation to STRIVE can be uploaded. As explained by the management, no complain in relation to procurement was uploaded on the website.

In terms of the operation manual, it was mentioned that no contracts are entered with any firm which is debarred by World bank. In the FY 2020-21, two contracts were entered with two agencies for appointment of employees/ professionals/ advisors for the project. However, no declaration was obtained from the respective vendors ensuring the fact that these vendors are not debarred by World Bank.

**Impact:**

Non obtaining declaration from vendors may enhance the probability of entering into a contract with a firm which is debarred from World Bank.

**Recommendation:**

It is always recommended to obtain declaration from the vendors in respect to the fact that they are not debarred by World Bank. Moreover, the list of debarred vendors mentioned in the website of World Bank should be checked before entering into the contract.



**II. Non deduction of Income Tax during the FY 2020-21:****Seen:**

During the verification of salary paid for the FY 2020-21, it was found that the following salary was paid to the consultants/ officials from STRIVE project:

Sl. No.	Employee Name	Designation	Unit	Date of Joining	Total Salary paid
1	Mr. Arnab Acharyya	ITI Specialist	SPIU	16-09-2020	3,81,517.00
2	Mr. Nirmalya Naskar	Financial cum Procurement Specialist	SPIU	18-01-2021	75,334.00
3	Mr. Rajib Choudhuri	Consultant (Manufacturing Sector)	SAMC	01-02-2021	69,800.00
4	Mr. Siladitya Bhowmik	Consultant (Manufacturing Sector)	SAMC	01-02-2021	94,800.00
5	Mrs. Reshmi Roy	ITI Specialist	SPIU	01-02-2021	59,800.00
6	Mr. Suchhanda Choudhury	Monitoring and Evaluation Specialist	SPIU	10-02-2021	67,657.00

It was observed that no Income Tax has been deducted from salary disbursed to the consultants/ officials for the FY 2020-21 except Mr. Nirmalya Naskar (Rs. 18,871/-). As explained by the management, the quantum of salary for the fraction of the year was less than the basic exemption limit in terms of the Income Tax Act, 1961. Hence, no tax has been deducted during the year. However, no such declaration from the respective employees in respect to total income accrued in their hand were obtained during the year.

**Impact:**

Non deduction of Income Tax from the remuneration of the officials/ consultants without obtaining declaration from them, may lead to incorrect deduction of tax which is a non-compliance to the statutory obligation.

**Recommendation:**

Proper declaration with substantial evidence from the officials/ consultants shall be obtained before deduction of Income Tax.



**III. Issue related to P. Tax paid for employees:****Seen:**

- A. During the verification of statutory compliances for the FY 2020-21, it was observed that following amount of P. Tax was duly deducted from the employees' salary and the same was reflected in the bank account. However, on further scrutiny it was noted that the deducted P. Tax was not paid within respective due dates.

Kindly refer to the unpaid P. Tax (on monthly basis) in the following table:

Sl No.	P. Tax for the Month	P. Tax Deduction Amount (Rs.)	P. Tax Paid within due date	Unpaid P. Tax	Cumulative Unpaid P. Tax
1	October, 2020	150	0	150	150
2	November, 2020	200	0	200	350
3	December, 2020	200	0	200	550
4	January, 2021	200	0	200	750
5	February, 2021	350	0	350	1100
6	March, 2021	1000	1350	-350	750
	<b>Total</b>	<b>2100</b>	<b>1350</b>	<b>750</b>	<b>750</b>

**Impact:**

Late payment of professional tax dues may create further liability for interest and penalty.

**Recommendation:**

The P. tax should be paid within due date as per the provision of the act.

**For and on behalf of:**

**KGRS & CO**  
Chartered Accountants  
FRN: 310014E

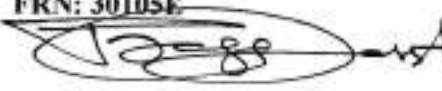
  
**S. Deb Barman**  
Partner  
M. No. 301207  
UDIN: 21301207AAAAHQ7208



Place: Kolkata  
Date: 9<sup>th</sup> November 2021

**For and on behalf of:**

**Biswas Dasgupta Datta & Roy**  
Chartered Accountants  
FRN: 30105E

  
**Praggamoy Dasgupta**  
Partner  
M. No. 310953  
UDIN: 21310953AAAAEP9824



Place: Kolkata  
Date: 9<sup>th</sup> November 2021

**Comment on procurement processes being followed at the State Societies for the FY 2020-21**

We are reporting on the procurement processes being followed at the State Societies in terms of the Procurement Guidelines of STRIVE project as per para 4.2.7 of the Operational Manual:

- The procurement at the ITIs, ICs and State Societies are done following the procurement guidelines under STRIVE project.
- No major deviation was found in this regard.

For KGRS & CO  
Chartered Accountants  
Firm Registration No. 310014 E



S Deb Barman  
Partner  
Membership No. 301207  
UDIN: 21301207AAAAHQ7208

Place: Kolkata  
Date: 9<sup>th</sup> November 2021

# **BISWAS DASGUPTA DATTA & ROY**

CHARTERED ACCOUNTANTS

## **Comment on procurement processes being followed at the State Societies for the FY 2020-2021.**

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For Biswas Dasgupta Datta & Roy  
Chartered Accountants  
FRN No.-302150E



CA Madhab Chatterjee  
Membership No.-054409  
Place-Kolkata  
Date-09/11/2021