

**Directorate of Technical
Education and Industrial
Training Punjab, Chandigarh.**

Notice Inviting Expression of Interest (EOI) to engage the 'Chartered Accountancy Firm'

The Directorate of Technical Education and Industrial Training Punjab, Chandigarh intends to engage the 'Chartered Accountancy Firm', under the STRIVE project funded by Govt. of India under World Bank Assisted Scheme, to conduct internal audit of the Project. The operational area of the project is Punjab. Please find enclosed Brief Overview of the Project and the Terms of Reference for Internal Audit (alongwith Eligibility criteria).

CA Firms are requested to submit their EOI, along with documentary proof attesting their eligibility and their quoted fees in a sealed envelope. Last date for submission of EOI in sealed envelope is 08.08.2024, 10:00 AM.

-SD-

DC(F&A)-cum- Chairman

Audit Committee

STATUS OF STRIVE PROJECT

A. Brief Overview

1. Skills Strengthening for Industrial Value Enhancement (STRIVE) is a World Bank-assisted Ministry of Skill Development & Entrepreneurship initiative, started in 2018 which aims at improving the relevance and efficiency of skills training provided through ITIs and apprenticeships throughout India. STRIVE is a five-year project with a total outlay of about 2200 Crore INR.
2. Every state is required to constitute a State Steering Committee (SSC) which is the apex body at State/UT level which is instrumental in reviewing the implementation of STRIVE Project. The Principal Secretary of the department acts as the Chairman of the SSC. The main role of SSC is to review and approve the annual work plan and budget for STRIVE Project.
3. A State Project Implementation Unit (SPIU) is the key implementing body at the State/UT level which is responsible for project implementation within the state. The Director of the Department of Technical Education of the State acts as the State Project Director for STRIVE Project. SPIU has been further divided into 4 Functional units which are as follows :

Sr.No	Units	Officers
1.	Monitoring & Evaluation Unit (Placement and Planning Branch)	Deputy Director, Placement Deputy Director, Planning
2.	Institutional Development and Training Unit (STRIVE Branch)	Assistant Director, STRIVE
3.	Finance Unit (Accounts Branch)	DCFA
4.	Procurement Unit (Machinery Branch)	Assistant Director, Machinery

4. STRIVE project follows a performance-based funding system whereby each state is allotted funds on the basis of its respective ITIs', achievement of Key Performance Indicators or KPIs under the three designed Result Areas (RAs).

Project Result Areas :

- RA-1 : Improving Performance of ITIs selected under STRIVE Project (For ITIs)
 - RA-2 : Increased Capacities of State Government (For SPIU/HQ)
 - RA-3 : Improved Teaching & Learning Capabilities (To be done at DGT Level only)
 - RA-4 : Improved and Broadened Apprenticeship Training (For SAMC/Apprenticeship)
5. The original project closing date was November,2022, which was extended to May,2024.
 6. DGT selected 24 ITIs from the state of Punjab (23 Govt ITIs + 1 Pvt ITI) . These ITIs were covered under Result Area 1 of the Project and the total funds to the tune of Rs 15.80 Cr were sanctioned as a first installment to these ITIs.
 7. Under Result Area-2, Rs 3.20 Cr were sanctioned for SPIU/HQ
 8. Under Result Area-4/SAMC Rs 80 lakhs were sanctioned for the constitution of State Apprenticeship Monitoring Cell.

B. FUNDING & ALLOTMENTS

The total outlay of the Project is about Rs. 60 Crores. Rs.40 Crore is earmarked for RA-1, Rs.16 Crores for RA-2 and Rs. 4 Crores for RA-4 .The DGT has allotted a first installment of total sum of 19.80 Crore INR to the State so far, details of which is as under:-

Sr. No.	Result Areas	Total Funds Earmarked by DGT,Gol	Funds Released by DGT,Gol	Expenditure incurred till 30-06-24	Balance/Unspent Amount	Implementing Agency
1.	Result Area-1	Rs 40 crore	Rs 15.80 crore	Rs. 11.65 Crore	Rs. 4.15 Crore	Institute Management Committee (IMC) of ITIs
2.	Result Area-2	Rs 16 crore	Rs. 3.20 crore	Rs. 1.07 Crore	Rs 2.12 Crore	State Project Implementation Unit (SPIU)/Head Quarter
3.	Result Area-4	Rs 4 crore	Rs 0.80 Crore	NIL	Rs 0.80 Crore	SAMC
	TOTAL	Rs 60 Crore	Rs.19.80 Cr	Rs 12.72 Crores	Rs 7.07 Crore	

C. PROGRESS SO FAR

- As per Govt of India's guidelines, every state is required to open a Single Nodal Agency (SNA) Bank Account in the Bank of India which was selected as the Nodal Bank for STRIVE Project by DGT/Gol.
- Following the same, the HQ bank account and ITIs account was opened in the bank account.
- Pvt ITI was dropped from the project due to its dispute with PIRA and no funds were allotted to this ITI after obtaining its approval from SSC. Therefore, till the culmination of the project only 23 govt ITIs were covered under the project.
- It was also informed by DGT that a holding account would be opened which will serve for interest deposit purposes. Following DGT's orders, holding accounts of SPIU & ITIs were opened in the bank of india.
- The funds released by Gol were not utilized by 2022 and the validity of the funds released by Gol was also lapsed during the previous years.
- The State Govt during the year 2022-23 requested the Gol to grant one time relaxation to the State for revalidation of the funds so that same can be utilized for the up-gradation of the ITIs.
- Government of India as a special case has granted one time relaxation and revalidated the funds issued to the State in the previous years during the month February, 2023 .
- Accordingly the state FD was requested to release the funds under the SNA account of the project ITIs.
- Rs 19.8 crores have been withdrawn form the state FD and transferred to the SNA Bank Account. (For RA-1, RA-2 and RA-4)
- As per project requirement, the delegation of Financial Powers amounting to Rs 25 Lakhs have been granted to IMCs of the concerned ITIs vide orders dated 9th February, 2023.
- The Procurement Plans of the 23 Institutes selected under STRIVE have been revised and approved by the SSC in its third meeting conducted on 21-02-2023, following which, the Institutes have started the procurement process.

- The funds were then allotted to ITIs via Public Financial Management System (PFMS) Portal in the month of April,2023.
- The ITIs started their procurement process under Result Area-1 of STRIVE Project.
- SPIU and SAMC were also allotted funds via PFMS portal. Whereas, SPIU incurred an expenditure of 1.11 Cr but no expenditure under SAMC was incurred under the project.

6.3. Internal auditors

Terms of Reference for Internal Audit of Project Financial Statements of Beneficiaries/States &UTs Skills Strengthening for Industrial Value Enhancement (STRIVE)

Background

Skills Strengthening for Industrial Value Enhancement (STRIVE) is a national project of the Ministry of Skill Development and Entrepreneurship (MSDE) to incentivize critical institutional reforms in the formal ITI and apprenticeship training system aimed towards supporting the Government's commitment to develop a globally competitive workforce and to provide skilling opportunities for economically disadvantaged and underserved communities. The project is scheduled to run over five years from 2017-18 to November 2022 and is an Externally Aided Plan (EAP) supported by the World Bank.

At the national level, long-term skills development is coordinated by the Directorate General of Training (DGT) in the Ministry of Skill Development and Entrepreneurship (MSDE). Apprenticeship training is managed under the aegis of the MSDE with Regional Directorates of Apprenticeship Training (RDATs) and state apprenticeship advisers driving implementation at the ground ITIs are under state governments, which own, run, and fund government ITIs and supervise private ITIs.

STRIVE Project for its implementation through National Project Implementation Unit (NPIU), consisting of government staff that is now an integrated unit of the MSDE and in charge of managing all major reform projects in the space of long-term training. The responsibility to coordinate and facilitate the implementation of STRIVE and provide overall fiduciary guidance at the ministerial level rests with the existing NPIU. Similarly, at the state level, SPIUs will be responsible for providing fiduciary guidance, implementation, monitoring, and facilitation of STRIVE. The ITIs will be monitored continually by the National Steering Committee (NSC) and by State Steering Committees (SSCs), which prepare semi-annual progress reports. Under STRIVE, the NPIU and SPIUs will therefore be supported through a dedicated PMC funded respectively through the STRIVE's TA and TS component. For Industry Clusters (ICs), the State Apprenticeship Monitoring Committee (SAMC) will be the nodal point for selection, evaluation and monitoring of ICs. The SAMC exists within SPIU but liaises with SPIU and SSC for all matters related to ICs. The PMC is a consultancy team comprising key experts in project management, M&E, skills development, and apprenticeship training.

Funding Pattern

The estimated cost of the national STRIVE project is INR 2,200 crores (US\$318 million) over five years. The proposed World Bank Operation comprises INR 830 crores (US\$120 million) project using the PforR instrument and an INR 35 crore (US\$5 million) TA Project using the IPF instrument. The proposed World Bank Operation supports the entire government project.

Performance Based Funding

STRIVE is a Performance Based funding – Program for Results (PforR) exercise. The use of the Program for Results (PforR) instrument is particularly suited to achieving the Government of

India's (GoI) results-based objectives, as it allows for improvement of the Systems and Institutions that are critical to the implementation of the GoI project. The instrument will ensure a sharp focus on the most important results the GoI wants to achieve (that is, improve relevance and efficiency of vocational training), allow for flexibility in the end use of funds by states and training institutions, support the development of state-level capacities to manage ITIs more effectively, incentivize introduction of performance-based management principles, and strengthen output and outcome monitoring.

1. Result areas

To achieve this objective, the project is divided into four result areas:

(a) Improved Performance of ITIs

Performance-based grant funding to selected government and private ITIs to improve institutional performance by deepening industry linkages, improving courses in line with market needs, better targeting marginalized groups including women, Scheduled Castes (SCs) and Scheduled Tribes (STs), developing capacities of teaching staff and broadening employment promotion services.

(b) Increased Capacities of State Governments to support ITIs and Apprenticeship Training

Performance-based grants to state governments to improve state structures for the management and support of ITIs and apprenticeship training, for evaluation and monitoring and for developing teaching resources; and to improve the regulatory environment for ITI operations.

(c) Improved Teaching and Learning

Investment in the development of modern, technology-supported teaching and learning resources for (i) Craftsmen Training Scheme (CTS) and apprenticeship training programs, and (ii) pre-and in-service trainers' training programs, as well as upgrading selected technical trainer training institutes, such as National Skill Training Institutes (NSTIs).

(d) Improved and Broadened Apprenticeship Training

Grant funding for Industry Apprenticeship Initiatives (IAIs) carried out by industry clusters to strengthen industry initiatives, increase the participation of SMEs in apprenticeship training, and improve the quality of apprenticeship training programs.

Objectives of Internal Audit:

The essence of the STRIVE project audit policy is to ensure that the STRIVE Project implementation agencies receives adequate, independent, professional, audit assurance that the proceeds of STRIVE project funds were used for the purposes intended, that the audit reports are free from material mismanagement and that terms of the loan agreement are complied with in all material respects. The objective of STRIVE is to improve the quality and market relevance of vocational training provided in ITIs and apprenticeships.

The objectives of the internal audit are to enable the auditor to express a professional opinion on the effectiveness of the overall financial management and procurement arrangements. It has to be

ensured that the overall financial management and arrangements including the system of internal controls as documented as per the Financial Management Section & Procurement Section of the STRIVE Operations Manual. It is expected that the process of audit shall be in position to provide to project management with timely information on financial management and procurement aspects of the project, including internal controls and compliance with financing agreements, to enable follow-up action.

In addition, it is expected that internal audit should play a role in assisting management to ensure no improper utilization of fund, including the prevention, detection and investigation of fraud as part of “Bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”.

Proposed Implementation/ Funds Flow Arrangements

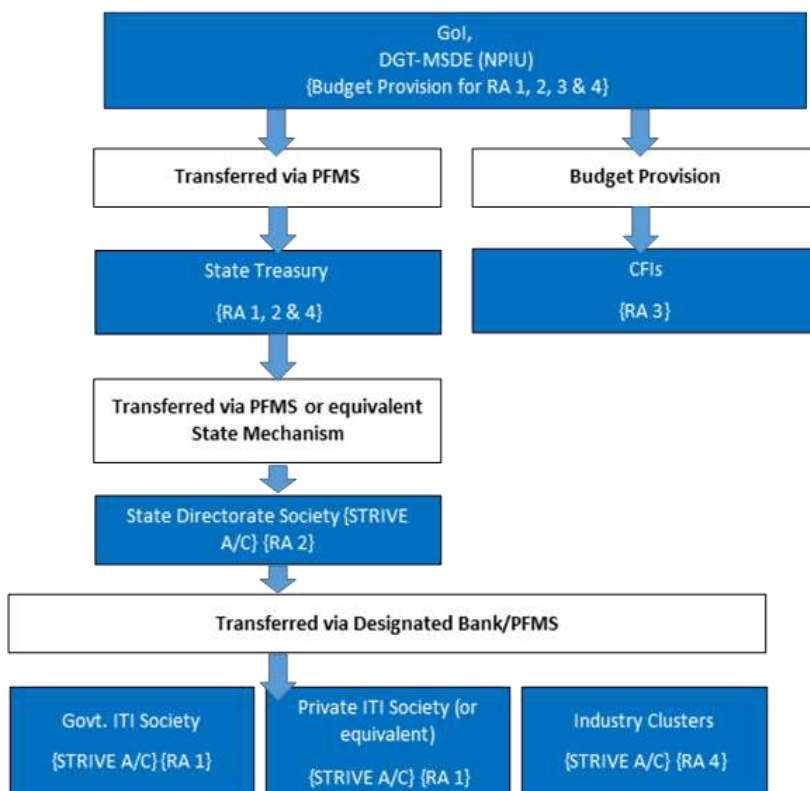
The Directorate General of Training (DGT) will be provided the budget for the Project and will further pass on the funds to the States implementing the project.

ITI Principals / IMCs are designated as drawing and disbursement officers and draw funds from designated Society STRIVE Account for payments through State Societies

Each office which makes payments is required to maintain separate Bank Accounts and separate Books of Accounts and records as per the State government procedure.

Fund Flow procedures – Result area Wise

Fund flow procedure (as above) explained diagrammatically below



2. Project Financial Statements

The Project Financial Statements (PFS) should include:

- A Summary of Funds received Result area-wise by NPIU and SPIUs
- A Summary of Expenditures shown under the main project result areas/ activities/ headings and by main categories of expenditures, both for the current fiscal year and accumulated to date; and
- A Balance Sheet showing Accumulated Funds of the Project, bank balances, other assets of the project, and liabilities, if any. If any Beneficiary under the project can not maintain a Balance Sheet on account of its existing accounting system, the PFS of such Beneficiary should include in the form of a statement–(Statement in lieu of Balance Sheet) at the end of every financial year (a) unspent bank balance of the project (b) category-wise assets purchased by the beneficiary from project funds with date of such purchase along with its location (c) project related unpaid bills/liabilities as at year end

3. Scope

Internal Audit

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

Coverage of Internal Audit extends to

- An assessment of the adequacy of the financial management systems, including internal controls. This would include aspects such as adequacy and effectiveness of

accounting, financial and operational controls and any needs for revision; level of compliance with established policies, plan and procedures; reliability of accounting systems, data and financial reports; creating controls mechanism in areas where they are lacking; verification of assets and liabilities, security and effectiveness of the operation of the computerized system and,

- Efficiency and timeliness of the funds flow mechanism at the SPIU, SAMC, Industry Cluster (IC), Central Staff Training and Research Institute (CSTARI) & National Instructional Media Institute (NIMI) and at the ITIs. (Through MIS Reports)
- Whether the accounts are compiled in a timely manner and the expenditures consolidated on a monthly/Half Yearly basis at the SPIU Level.
- Verify payment to the third parties are as per agreement.
- All necessary supporting documents, records, and accounts have been kept in respect of all Result area wise activities and that clear synchronizations exist between accounting records, accounts books and the periodic financial reports (internal and external i.e. Interim unaudited Financial Reports)
- The auditor is expected to obtain and satisfactorily document sufficient audit evidence to support audit conclusions.
- Internal auditors to summarize key issues and risks from a review of Annual / Statutory Audit report.
- Auditor will also provide variance report as per approved annual action plan and budget.
- Auditor to certify that the utilization certificates of funds at each Beneficiary are prepared Result area Wise and provided to respective SPIU / NPIUs as the need arises

4. Final Output & Reporting

- a. **Half Yearly Reporting & Annual reporting at SPIU:** The Auditor will provide separate consolidated reports on SPIUs, SAMCs, project ICs and project ITIs in the State under STRIVE to State Audit Committee with a copy to SPIU.. The reports will be provided **Half Yearly** and a summary of the key findings, implications and recommendations to enable the SPIU to take timely action. Audit observations/reports should be discussed and agreed with the state audit review committee and should be structured in a manner giving the observations, the implications of the observations, the suggested recommendation and the management comments/ agreed actions. The audit observations should be supported by instances and quantified, as far as practicable. **Half Yearly** audit reports and annual audit report to be submitted each financial year. Discussion notes duly signed by the both parties will be part of audit Report. Minutes of meeting of State Audit Committee detailing the observations of internal auditors and action taken by SPIU on the observations.

The audit reports should be submitted within 30 days after completion of Half Yearly audit. Any delay beyond 30 days for any Half Yearly report attracts the termination of the contract without any financial liability of the client.

b. Reporting Procedure

Procedure of conducting audit at SPIUs/SAMCs, project ITIs and project ICs in the State :

- The auditor shall inform the implementing agencies before the start of Audit.
- The auditor should give detailed work plan for conducting audit at SPIUs and other implementing agencies
- The auditor should make audit project and plan for SPIUs and other implementing agencies in coordination with their accounts & finance team.
- Feedback as necessary can be given to the management on the outcome of the Audit from time to time. Information about any discrepancies can be shared with the management for rectification/clarification.
- During the audit the Internal Audit team shall interact with management staff for any clarification. For the clarification, the audit team will present their findings in the common platform.
- The auditor shall interact with the management before furnishing of any report.
- The plan shall be finalized in consultation with management at the implementing agency level.
- The detail approach and methodology should be provided by the auditor themselves in the RFP.

5. Period of Internal Audit.

Initially contract with the firm will be for three years which will be extended further two years based on the performance. The selected firm will submit audit plan in consultation with SPIU in advance and agree with a Schedule of Audit. The contract will be renewed after assessing the pace of implementation, requirement and performance of the Internal Auditor.

6. Qualification Criteria for short listing of Internal Audit Individual/Firm

Internal Auditors will be hired by the SPIUs

- a. For States having five or less ITIs, an Individual Auditor would be preferred rather than a Firm. For States having six or more ITIs, it would be a Firm of Chartered Accountants.
- b. Experience of having undertaken at least 5 similar assignments (Internal Audit Assignments) with Central/state Government/externally aided projects **in India**, in last 10 years.
- c. The Chartered Accountancy Firm so hired in States having at least six ITIs or more shall have at least 6 CA Partners. The break up details to be provided are (i) Partners of Firm i.e. number of full time-chartered accountant partners (ii) paid chartered accounts of firm must also be provided

- d. An undertaking from the internal auditor regarding their non-engagement as external auditor/statutory auditor with implementing agencies in the State.