

Report of Internal Audit on STRIVE Program during the year 2022-23

1. **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.

2. **Objective:** The objective of STRIVE is to improve the quality and market relevance of vocational training provided in ITIs, state Reforms and apprenticeships. STRIVE is a Performance Based funding with prescribed KPIs in following Result Areas.

A. Improved Performance of ITIs (Result Area-1)

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 (Result Area-2)

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 and Broadened Apprenticeship Training (Result Area-4)

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.

3. **The intended findings:** As per the essence of the STRIVE project audit policy, it is required by the Internal Audit Team of SPIU under DTE&T, Odisha 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.

As expected from the Internal Audit Team of SPIU under DTE&T, Odisha, it 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.

4. **The Audit Report:-** The Statement of Expenditure under 03 result areas, SAMC & SPIU and other particulars have been received from Nodal Officer STRIVE at SPIU section, DTE&T, Odisha. Audit test check carried out at STRIVE ITIs and SPIU and noted as below:



- a. Govt funds have been provided and used in accordance with the relevant agreements with Government of Odisha, ITIs, and Industry Clusters with due attention to economy and efficiency, and only for the purposes for which they were provided;
- b. Goods and services financed have been procured in accordance with the relevant financing agreement and procurement norms as laid out in the operations manual;
- c. All necessary supporting documents, records, and accounts have been kept in respect of all project ventures including expenditures reported via Statement of Expenditures.
- d. The project accounts at SPIU and Project ITIs have been prepared in accordance with consistently applied to Government of Odisha Standards in this respect and give a true and fair view of the financial situation of the project at the year end 2022-23 and of resources and expenditures for the year ended on that date 31.03.2023.
- e. The procurement processes being followed at the ITIs, ICs and SPIU are verified to be as per Procurement Guidelines under STRIVE project and no variations observed.

5. Audit coverage as below:

- a. The adequacy of the financial management systems, including internal controls such as adequacy and effectiveness of accounting, financial and operational controls, level of compliance with established policies, plan and procedures; reliability of accounting systems, data and financial reports; assets and liabilities, security and effectiveness of the operation of the computerized system.
- b. Efficiency and timeliness of the funds flow mechanism at the SPIU, SAMC, Industry Cluster (IC) and at the ITIs
- c. Payment to the third parties through SNA PFMS mode as per SNA guidelines.
- d. Checking of the utilization certificates of funds at SPIU are prepared Result area wise and provided to respective SPIU / NPIUs as the need arises.

6. Other observations:

- a. It is observed that an amount of Rs65,456/- has been paid in excess to PWC under SAMC head. Efforts should be made for recovery of this amount from PWC.
- b. The AG(Audit I) i.e Certificate Audit may be apprised for settlement of certificate of ineligible expenditure of Rs1,94,894.00 (02 cases) which has already been compiled through adjustment of funds under appropriate heads.
- c. Audited financial statements for 2022-23: (Loan No- 5965-IN)
 - a. Details of funds received and utilization status of STRIVE ITIs as on 31.03.2023 is attached at Annexure-I
 - b. Statement of Sources and Applications of Funds

Skills Strengthening for Industrial Value Enhancement (STRIVE)

Loan No- 5965-IN

Statement of Sources and Applications of Funds

Report for the year ended 31.03.2023

Particulars	Current Year	Previous Year	Project to date
Opening Balance (If cash balances are controlled by the entity) (A)	0	0	0
Receipts			
Funds from Government through Budget (These will include external assistance received by Government for the project)			
A. Result Area 1	1,39,05,000	8,97,00,000	10,36,05,000
B. Result Area 2 - SPIU of DTET	86,60,000	5,07,60,000	5,94,20,000
C. Result Area 4 - Industry Cluster	-	1,20,00,000	1,20,00,000
D. SAMC - SPIU of DTET	46,72,000	1,16,15,000	1,62,87,000
E. SPIU	34,65,000	28,41,000	63,06,000
Beneficiary Contribution (if any)	0	0	0
Total Receipts (B)	3,07,02,000	16,69,16,000	19,76,18,000
Total Sources (C = A + B)	3,07,02,000	16,69,16,000	19,76,18,000
Expenditures by Component			
A. Result Area 1	2,70,79,296	6,52,01,775	9,22,81,071
B. Result Area 2	1,74,69,063	3,25,56,209	5,00,25,272
C. Result Area 4 - Industry Cluster	-	27,98,003	27,98,003
D. SAMC	16,88,793	1,14,54,407	1,31,43,200
E. SPIU	18,75,319	40,49,748	59,25,067
Total Expenditures (D)	4,81,12,471	11,60,60,142	16,41,72,613
Closing Balance (if cash balances are controlled by the entity) (C - D)	(-) 1,74,10,471	5,08,55,858	3,34,45,387





