

**GOVERNMENT OF JAMMU & KASHMIR
DIRECTORATE OF SKILL DEVELOPMENT, J & K**

##

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**EXPRESSION OF INTEREST
FOR
firm/firms for carrying out
INTERNAL AUDIT OF SKILLS STRENGTHENING FOR INDUSTRIAL VALUE
ENHANCEMENT PROJECT (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 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.

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.

RESULT AREAS.

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

1. 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.

2. 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.

3. 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).

4. 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.

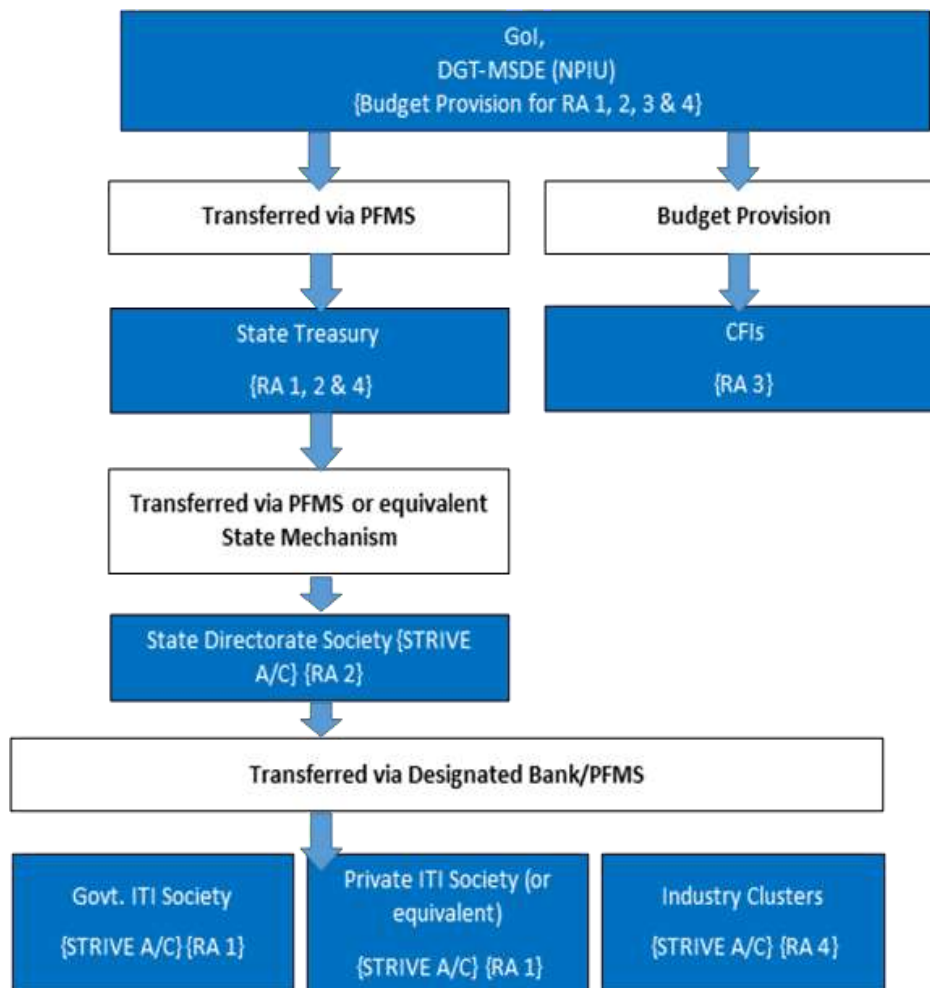
In addition, it is expected that internal audit should play a role in assisting management to ensure no improper utilization of fund, including the prevention, detection and investigation of fraud as part of “Bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk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



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 cannot 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.

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:

1. 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;
2. Goods and services financed have been procured in accordance with the relevant financing agreement and procurement norms as laid out in the operations manual.
3. All necessary supporting documents, records, and accounts have been kept in respect of all project ventures including expenditures reported via Statement of Expenditures.
4. 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.
5. 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. 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.

FINAL OUTPUT & REPORTING.

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 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.

Total 7 ITIs (at Baramulla, Ganderbal, Anantnag, Udhampur, Mahender, Kishtwar, Samba)1 industrial cluster at samba jammu and Directorate Srinagar/ to be covered half yearly.

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.

The audit agency has to conduct audits due, if any for the previous financial years on same terms and conditions/ Financials.

REPORTING PROCEDURE.

Procedure of conducting audit at SPIUs/SAMCs, project ITIs and 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.

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.

QUALIFICATION CRITERIA FOR SHORT LISTING OF INTERNAL AUDIT FIRM.

- Applicant should be a registered legal entity registered with the instate of Chartered Accountants of India (ICAI), Comptroller & Auditor General of India CAG and Reserve bank of India Proof of Registration to be attached.
 - 2. An applicant should have during the last three years neither failed to perform on any agreement as evidenced by imposition of penalty by an arbitral or a judicial pronouncement or arbitration awarded against the Applicant or its Affiliates, nor been expelled from any project or agreement nor had any agreement terminated for breach by such Applicant or its Affiliates. (Proof to be attached)
 - 3. Firm must be having experience of Minimum 9 years. (proof of experience to be attached)
 - 4. Firm must include minimum 1 Chartered Accountants as FCA.
 - 5. Firm must have conducted minimum concurrent audits of 3 different Banks, minimum 1 Bank Branch statutory audit, 1 CAG audit.(Proof of each audit to be attached)
 - 6. In case of partnership firm, the Partners of the firm must have minimum 5 years' partnership with the existing partnership firm. (Proof of partnership deed to be attached)
- (consolidated statement of above points should be appended)**

Important Dates	
Publishing of EOI	27-06-2022

Last Date of sending EOI with all documentary proof as requested in Eligibility Criteria along with the No deviation certificate + Financial proposal as per the format (Separate Envelope) to the office address given below	07-07-2022 05:00 PM
Date of opening of Technical Bid	
Date of opening of Financial Bid	

Summary of Financial Statement

Name of the organization	
Fee particulars (A)	Amount in INR(PER AUDIT /SIX MONTHLY BASIS)
Overhead, if any (B)	
Total Audit charges A+B	
Taxes applicable as per GST Act@----C	
Grand Total A+B+C(per audit / ONE SIX MONTHLY AUDIT of 7 ITIS , 01 industry cluster and Directorate Srinagar/Jammu)	
In words	

NB:

- Bidders shall submit the financial proposal as per the prescribed format given above in both figures and words and signed by the Authorized Representative. In the event of any difference between figures and words,

the amount indicated in words shall prevail.

- Taxes will be paid by the Client as per the applicable rate under GST Act from time to time. Financials for the assignment shall remain fixed till completion of the contract.

Authorized Signatory [In full and initials]: _____ Name and Designation with Date& Seal: _____

No Deviation Certificate

<To be submitted on Lead Bidder's letterhead>

This is to certify that our offer is exactly in line with your tender enquiry/RFP (including amendments) no. _____ dated _____.

This is to expressly certify that our offer contains no deviation with respect to Authority requirements, Scope of Work and other requirements.

(Authorized Signatory)

Signature:

Name:

Designation: Address

Seal:

Date:

Address: -

Directorate of Skill Development Department
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