

1879  
08-06-22

Casual. DMC: It stands  
- Audit Provided earlier how  
- e-epm. Put up to  
detail status with  
in 02 days  
8/6/22  
- PK

SKILLS STRENGTHENING FOR INDUSTRIAL VALUE ENHANCEMENT (STRIVE)  
(WORLD BANK FUNDED PROJECT)

GOVT. INDUSTRIAL TRAINING INSTITUTE - SHAHPUR

INTERNAL AUDIT REPORT FOR THE PERIOD FROM 01.10.2020 TO 31.03.2021

PART - A                      BRIEF DETAIL OF THE AUDITEE AND AUDIT

- a. Name and address of the Auditee : Govt. Industrial Training Institute Shahpur
- b. Name of Auditors : Agarwal A Kumar & Associates
- c. Days of Audit : 2
- d. Period covered in the previous audit : April 01, 2020 to September 30, 2020
- e. Period covered in the current audit : October 01, 2020 to March 31, 2021

PART - B

EXECUTIVE SUMMARY

(a) Objective of Audit

We have conducted the Internal Audit of Govt. Industrial Training Institute Shahpur for the period from October 01, 2020 to March 31, 2021. We have carried out the audit in accordance with the standards on auditing promulgated by the Institute of Chartered Accountants of India and in accordance with the TOR as issued by the funding Agency International Development Association. It is the responsibility of the management to maintain the PFMS / PMIS as prescribe by the funding agency in cash system of accounting, fair and proper documentation, generation books and records, and the various Interim financial reports and annual statements, and to implement a proper internal control system commensurate with the size of the organization.

Our responsibility is to verify the books and accounts commensurate with the standard procedures and guidelines followed by the Project for the different level and to see that there is proper documentation and internal control in existence during the period of audit and to report the deficiencies, if any, existing in the operation of the Project.



**(b) Methodology of Audit**

The Audit was conducted on the basis of the finalized Audit Program. After distribution of the audit work and responsibilities, the concerned staff performed their job and directly reported to Team Manager on daily basis. Internal Audit program was mainly focused on following areas:

- 1 An assessment of whether the Project Financial Statements have been prepared in accordance with consistently applied Accounting Standards of the Institute of Chartered Accountants of India and gives a true and fair view of the operations of the Project during the year and the financial position of the Project at the close of the financial year.
- 2 An assessment of the adequacy of the Project financial management systems including internal controls. The financial management system should include methods and records established to identify, assemble, analyze, classify, record and report on transactions and to maintain accountability for the related assets and liabilities.
- 3 That all project funds have been used in accordance with the conditions of the relevant financing agreement, with due attention to transparency, economy and efficiency and only for the purposes for which the financing was provided.
- 4 All necessary supporting documents, records and books/ statements of accounts have been maintained and all necessary supporting documents such as records, vouchers, bids etc. and books of accounts have been kept in respect of all project expenditures.
- 5 Identify the expenditure which are covered in accordance with the allocation described in "Operational Manual" under section 4 "Fiduciary Systems" para 4.1 "Financial Management" under sub para 4.2.3 "Eligible and Ineligible Procurement Expenditure" as eligible and segregate these from non-eligible items.
- 6 Clear linkages exist between the books of accounts maintained for the expenditures and reports presented for the expenditure incurred.
- 7 That test check and verification of the activities were conducted for the project as planned and that they were in line with the agreed loan agreement.
- 8 Verify the eligibility of expenditures for SoE disbursement and separately report upon ineligible expenditure claimed if any.

**(c) Status of implementation of the Public Financial Management System**

During audit we noted that "Public Financial Management System" has been implemented during period from October 01, 2020 to March 31, 2021.

**(d) Status of Compliance of previous audit report**

During audit we noted that the compliance of the observations of previous internal audit report have been done.

**(e) Key areas of weakness**

During audit we noted that there were some key areas of weakness regarding procedural Lapse for the period from October 01, 2020 to March 31, 2021, Details are given in part D.

**PART - C**

**COMPLIANCE OF PREVIOUS AUDIT REPORT**

During audit we noted that the compliance of the observations of previous internal audit report have been done.

**PART - D**

**SERIOUS OBSERVATIONS**

During audit we found that there were some serious observations such as laps in internal control, system weakness etc. in following manner:

**1. DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL EXPENDITURE INCURRED AS PER CASH BOOK**

During audit we noticed that there was difference between expenditure booked in PFMS Software and actual expenditure incurred as per cash book. The detail of PFMS reconciliation are mentioned below:

**PFMS reconciliation statement as on 31.03.2021 - FY - 2020-21**

Sr. No.	Statement of Expenditure	Amount (Rs.)
1	Expenditure booked as per PFMS Statement From (01.04.2020 to 31.03.2021)	4031345.00
2	Actual Expenditure incurred as per cash book from (01.04.2020 to 31.03.2021)	3740945.00
	Difference	290400.00

## 2. GST TDS NOT DEDUCTED

During the audit we found that amount was paid for supply of goods or services but GST TDS @ 2% Under Section 51 of GST Act not deducted at the time of payment. Details are given below:

Date	Particulars	Amount	Observations
21/01/2021	Amount Paid to Wood Square Technologies Pvt Ltd for Purchases of Executive Table & Chairs.	2,84,200/-	Payment made without deducted of GST TDS.

## 3. DELAY IN DEPOSIT OF GST

On checking of GST records we noted that institute has deducted the GST in Payment of vendor but late deposited in their concerned department, detail is mentioned below:

Date of Deducted	Particulars	GST Deducted	Due date of Deposit	Actual Date of deposit
27.11.2020	Bharat Sanchar Nigam Ltd.	23,739.00	07.12.2020	09.12.2020

## 4. CHECKING OF PROCUREMENT PLAN

During the checking of procurement plan we noted that Institute has been uploaded the Procurement plan on website [www.itishahpur.org](http://www.itishahpur.org) for financial year 2019-20 but Procurement plan of FY 2020 -21 was not uploaded on website till 31<sup>st</sup> march 2021.

PART - E

OTHER OBSERVATIONS

1. STATUS OF UTILISATION OF FUND

During audit we found that fund received and utilized during audit period as below:

Fund received during the period from 01.04.2020 to 31.03.2021

(A) First Installment	5588000.00
(B) Second Installment	1112000.00
<u>Total Fund</u>	<u>6700000.00</u>
Expenditure incurred during the period (01.04.2020 to 31.03.2021)	3740945.00
Balance as per bank as on 31.03.2021	<u>2959055.00</u>

2. During audit we found that there was no complaints related to procurement on website and there was no such entry reflected on website on 31.03.2021.

3. CHECKING OF CONTRACT AWARDS

During the checking of contracts we noted that Institute has not awarded any contract to any firm or vendor that was debarred by world bank.

PART - F

EXECUTIVE SUMMARY AND SUGGESTIONS/RECOMMENDATIONS

1. DIFFERENCE BETWEEN EXPENDITURE BOOKED IN PFMS SOFTWARE AND ACTUAL EXPENDITURE INCURRED AS PER CASH BOOK

During audit we noticed that there was difference between expenditure booked in PFMS Software and actual expenditure incurred as per cash book. The detail of PFMS reconciliation are mentioned below:

PFMS reconciliation statement as on 31.03.2021 - FY - 2020-21)

Sr. No.	Statement of Expenditure	Amount (Rs.)
1	Expenditure booked as per PFMS Statement From (01.04.2020 to 31.03.2021)	4031345.00
2	Actual Expenditure incurred as per cash book from (01.04.2020 to 31.03.2021)	3740945.00
	Difference	290400.00

**2. GST TDS NOT DEDUCTED**

During the audit we found that amount was paid for supply of goods or services but GST TDS @ 2% Under Section 51 of GST Act not deducted at the time of payment. Details are given below:

Date	Particulars	Amount	Observations
21/01/2021	Amount Paid to Wood Square Technologies Pvt Ltd for Purchases of Executive Table & Chairs.	2,84,200/-	Payment made without deducted of GST TDS.

**3. DELAY IN DEPOSIT OF GST**

On checking of GST records we noted that institute has deducted the GST in Payment of vendor but late deposited in their concerned department, detail is mentioned below:

Date of Deducted	Particulars	GST Deducted	Due date of Deposit	Actual Date of deposit
27.11.2020	Bharat Sanchar Nigam Ltd.	23,739.00	07.12.2020	09.12.2020

**4. CHECKING OF PROCUREMENT PLAN**

During the checking of procurement plan we noted that Institute has been uploaded the Procurement plan on website [www.itishahpur.org](http://www.itishahpur.org) for financial year 2019-20 but Procurement plan of FY 2020 -21 was not uploaded on website till 31<sup>st</sup> march 2021.

