

State Project Implementation Unit
Directorate of Training
Government of Uttarakhand
Govt.ITI(W) Campus, Survey Chowk, 26 EC Road,
Dehradun- 248001 (Uttarakhand)
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Notice Inviting Expression of Interest (EOI) for empanelment of the
'Chartered Accountancy Firm'

State Project Implementation Unit (STRIVE), Dehradun intends to empanelment of the 'Chartered Accountancy Firm', under the STRIVE project funded by Govt. of India under World Bank Assisted Project, to conduct integrated procurement and financial management of internal audit on half yearly basis of the Project. The operational area of the project is Uttarakhand State. The interested firms may visit 'Tender Notice' tab of our websites <http://dsde.uk.gov.in> for further details/scope of work. Last date for submission of EOI in sealed envelope is 14-04-2022.

-SD-
Project Director
SPIU(STRIVE)

**State Project Implementation Unit (STRIVE)
Govt.ITI (W) Campus, Survey Chowk, 26 EC Road,
Dehradun- 248001 (Uttarakhand)**

(STATE PROJECT IMPLEMENTATION UNIT for STRIVE)

**INVITATION OF
EXPRESSION OF INTEREST (EoI)
FOR
EMPANELMENT OF ‘CHARTERED ACCOUNTANCY
FIRM’
FOR
SKILL STRENGTHENING FOR INDUSTRIAL
ENHANCEMENT(STRIVE) PROJECT,
UTTARAKHAND**

Issued by:
**Project Director,
State Project Implementation Unit (STRIVE)
Dehradun-248001 (Uttarakhand)**

**Invitation of Expression of Interest (EoI) for the
empanelment of Chartered Accountancy Firm as INTERNAL
AUDITOR for SPIU (STRIVE), SAMC/ INDUSTRY
CLUSTERS and Govt. ITI under STRIVE Project**

1. BACKGROUND-

As Indian economy grows, there is an urgent need to produce skilled manpower of international standard to meet industry's rising demand. It has also been observed that the Vocational Education and Training (VET) system is not geared up to cater to the current needs of the labor market. This is evident from the fact that the Industrial Training Institutes (ITIs) cannot place even 50 percent of their students. It has been highlighted in various studies that these training institutions need to be given incentives to improve their performance. Industry's limited involvement in the management of vocational training is also seen as a major constraint in bridging the gap between demand and supply. The Government of India recognizes the need to increase access to and improve the quality and relevance of vocational education and training in the country. An exclusive ministry was formed for Skill Development & Entrepreneurship (MSDE). Government of India has announced several schemes and projects for enhancing the skill development institutions both at the Center and State levels. Skills Strengthening for Industrial Value Enhancement (STRIVE) is one such pioneering initiative, assisted by The World Bank, with the objective of improving the relevance and efficiency of skills training provided through ITIs and apprenticeships. STRIVE is a five year project that extends till November, 2022 and shall incentivize ITIs to improve overall performance including apprenticeship by involving SMEs, business association and industry clusters. The project will be implemented by the Ministry of Skill Development & Entrepreneurship (MSDE) through State Governments, Industrial Training Institutes (ITIs), Centrally Funded Institutes (CFIs) and Industry Clusters (ICs) as the implementing agencies. It also supports two sub-missions of the National Skill Development Mission (NSDM), namely: (i) institutional training, and (ii) trainers. Implementation of the STRIVE follows the Program for Result (PforR) instrument of The World Bank. Fund disbursement from The World Bank to the Government of India (GoI) will be based on achievement of agreed results, known as Disbursement Linked Indicators (DLIs). Each DLI has multiple Disbursement Linked Results (DLRs) with financing amount linked to each DLR. Upon

achievement of each DLR, the respective amount of funds will be disbursed by The World Bank to the Government of India. Similarly, a set of indicators (known as Key Performance Indicators or KPIs) as well as subsequent milestone for each KPI are agreed between the MSDE and the implementing agencies (i.e. States/ UT, ITIs and ICs). Each of these milestones has a financing amount linked to it. Once the implementing agencies achieve the milestone, they will be eligible to claim for release of the amount of funds associated with these KPI milestone. All fund will be released from MSDE to the State Governments via use of PFMS to ensure accountability of utilizing public money. A dedicated public sector banking entity will be empanelled for real-time financial monitoring of funds released to various implementing agencies. The project has an overall outlay of INR 22.39 crores across four result areas to achieve the envisaged outcomes such as increased percentage of ITI graduates, reduction in trainer vacancy, improved employment outcomes, development and roll-out of 4 CTS and CITS trades on emerging areas, increased participation of female trainees and to initiate systemic reforms such as online examination, centralized admission process and others.

The project emphasizes special focus on strengthening industry linkages in ITIs and apprenticeship ecosystem across India. STRIVE encourages participation from trainees of disadvantage groups and ST population. The project will also cover private ITIs and Industry Clusters.

2. TERMS OF REFERENCE (ToR) FOR INTERNAL AUDITOR

Position	: Internal Auditor
Organization	: State Project Implementation Unit (STRIVE), Govt. ITI (W) Campus, Survey Chowk, 26 EC Road, Dehradun- 248001 (Uttarakhand)
Duty Station	: Dehradun (Uttarakhand)
Duration	: Initially for 1 year which include internal audit of this year (2021-22) and previous years (2019- 20 & 2020-21). Further extension for 1-year based on performance

PROJECT COMPONENTS:

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.

The result-area wise breakup of project funds for Uttarakhand State is summarized below:

S. No	Result Area	Approved Cost for project period (INR in crores)	Fund received & Expenditure status year wise (INR in crore)					
			2019-20		2020-21		2021-22	
			Received	Expenditure	Received	Expenditure	Received	Expenditure
1	Improved Performance of 8 ITIs	11.21	0	0	2.14	0	2.32	0
2	Increased Capacities of State Government to support ITIs and Apprenticeship Training	10.21	0.97	0	2.24	0.48	0	0.62
3	Improved and Broadened Apprenticeship Training	0.48	0.48	0	0	0.0052	0	0
	Total	22.39	1.45	0	4.38	0.4852	2.32	0.62

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 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

This result area does not pertain to State Govt.

(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 Small & Medium Enterprises 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 proper utilization of funds, 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”.

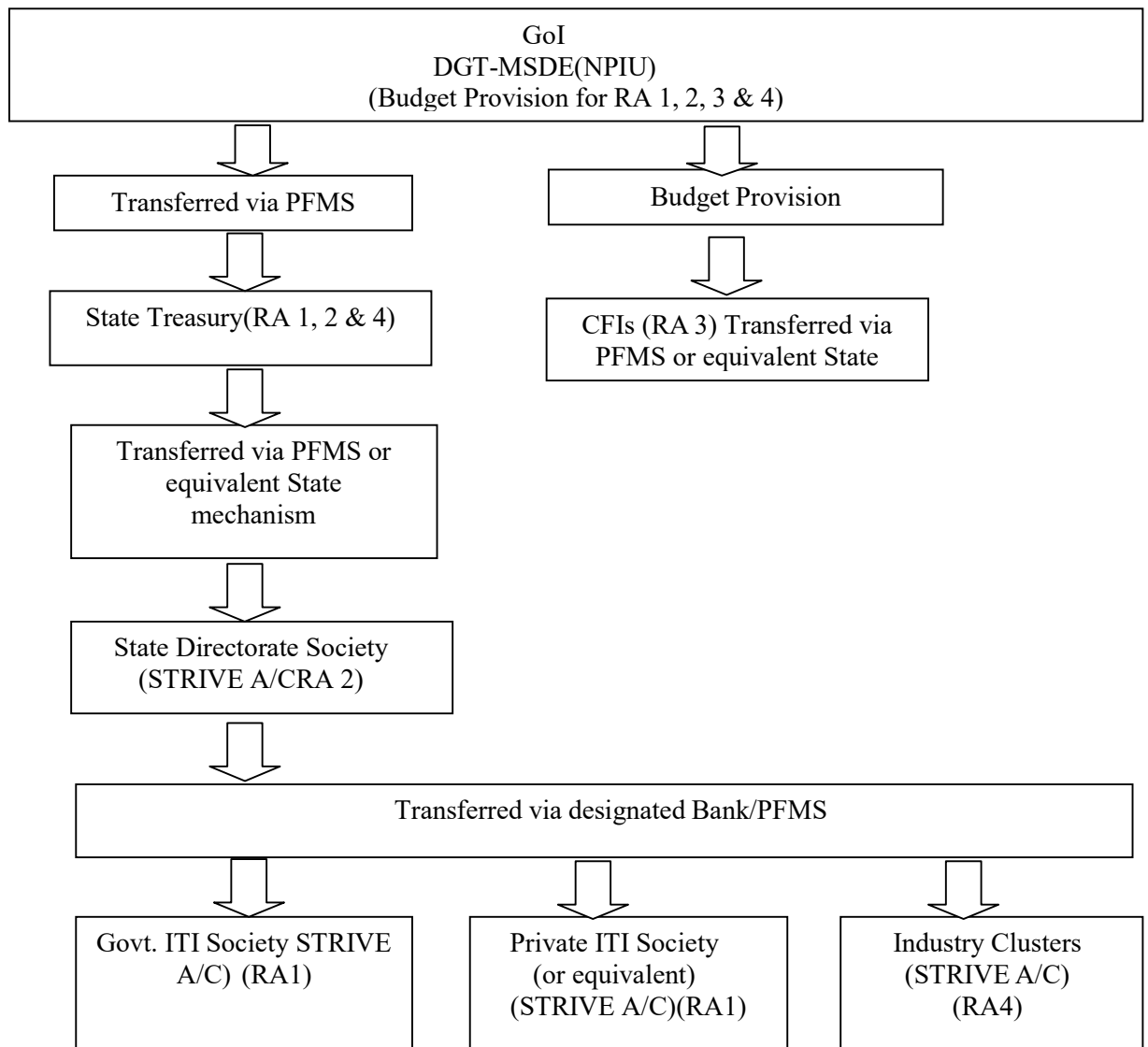
Proposed Implementation/ Funds Flow Arrangements

The Directorate General of Training (DGT) will provide the budget for the Project and will further provide the funds to the States implementing the project. ITI Principals / IMCs are designated as Drawing and Disbursal Officers and draw funds from designated Society STRIVE Account for payments through State Societies.

Each Institution/Directorate/Industry Cluster is required to maintain separate Bank Accounts and separate Books of Accounts and keep 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 SPIU.
- 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 control have been established and complied with to ensure that:

- GoI funds have been provided and used in accordance with the relevant agreements with States, Govt. ITIs, 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.**

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), 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 is as accordance with 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 Resultarea Wise and provided to respective SPIU as the need arises.

Entities to be Audited

1. SPIU office: - State Project Implementation Unit (STRIVE), Govt. ITI(W) Campus, Survey Chowk, 26 EC Road, Dehradun- 248001 (Uttarakhand)
2. SAMC office:- Director of Training and employment Uttarakhand, Haldwani, Nainital
3. **Govt. ITIs:- 8 Govt. ITIs as per following details-**
 - IMC Govt. Industrial Training Institute, Tandi, Nanital
 - IMC Govt. Industrial Training Institute, Ramnagar, Nanital
 - MC Govt. Industrial Training Institute, Betalgath, Nanital
 - IMC Govt. Industrial Training Institute , Haridwar
 - IMC Govt. Industrial Training Institute, Chamba, New Tehri
 - IMC Govt. Industrial Training Institute, Kalsi, Dehradun
 - IMC Govt. Industrial Training Institute, Dineshpur, US Nagar
 - IMC Govt. Industrial Training Institute, Shaldmahadev , Pauri Garhwal

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 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 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 one year which include internal audit of this year (2021-22) and previous two years (2019- 20 & 2020-21). Further extension for 1-year based on 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 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 must be empanelled with ICAI and 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
- e. The audit firm is not one against which disciplinary orders have been issued by the Public Companies Accounting Oversight Board and these orders are in force. Also, any partner/senior manager of the audit firm is not associated with the audit in any manner if he/she
 - a. has been found guilty of professional/other misconduct by the Institute of Chartered Accountants of India under the First or Second Schedule of the Chartered Accountants Act, 1949; or
 - b. is one against whom disciplinary sanction orders have been passed by the Public Companies Accounting Oversight Board.

3. SUPPORTING DOCUMENTS FOR ELIGIBILITY CRITERIONS:

Following supporting documents must be submitted by the firm along with the technical proposal:

- (i) A self-attested copy of the latest empanelment intimation letter issued by the **ICAI**.
- (ii) A certificate from the firm to the effect that no partner of the firm has been found guilty of professional/other misconduct by the Institute of Chartered Accountants of India under the First or Second Schedule of the Chartered Accountants Act, 1949 or is one against whom disciplinary sanction orders have been passed by the Public Companies Accounting Oversight Board. In case the firm has such partners, the firm provides details of such partners and certifies that they will not be associated with the audit in any manner.

- (iii) A Declaration signed by an authorized partner of the audit firm verifying that the applicant is independent of the entity to be audited that they have no relationship with the entity to be audited (in particular, the auditor should not be employed by, serve as director for, or have any financial or close business relationship with the entity during the period(s) covered by the audit or immediately thereafter for a period of two years).
- (iv) A self-attested copy of the latest firm constitution certificate issued by the ICAI (this certificate shall also act as evidence for verifying the Date of Constitution of the firm).
- (v) A copy of the balance sheet for the last three years.
- (vi) A copy of the appointment letters from the auditee organizations.

4. Final Selection of chartered accountant firm:-

- a) On the basis of proposal received, eligible chartered accountancy firm will be empanelled and quotation for financial proposal will be invited from all/few empanelled firm separately. Bidder who will quote lowest rate as per TOR will be engaged.

5. APPLICATION FORMAT

1.	Name, address, phone number, e-mail ID and website address of the Firm	
2.	Whether empanelled with the ICAI? If yes, give details	
3.	Number of partners and organizational structure of the Firm	
4.	Number of branches/ offices in the state with full addresses of the branches/offices	
5.	Number of professionally qualified staff working. Details of staff with their qualifications	
6.	Year-wise annual turnover of the Firm in INR for the last three years upto 2018-2019, 2019-2020 & 2020-2021 (along with documentary evidence).	
7.	Details of Audit and similar assignments undertaken during the last 5 years	
8.	Details of relevant audit assignments undertaken for large Public Sector/ Government organizations	
9.	Details of experience in conducting audit of external funded projects e.g. World Bank, ADB etc.	

NOTE: Enclose proof of evidence wherever necessary and duly filled evaluation criteria Table-1/Form..

6. EVALUATION CRITERIA FOR SELECTION OF AUDITOR

Application will be evaluated on points given in the Table below. Applicant should submit information in below mention Table/Form. Applicant who fulfill all the conditions shall only be shortlisted.

TABLE-1

	Evaluation Criteria	Type of document to be enclosed	Yes/ No
1	Firm is currently empanelled with ICAI and at least five years old	self-attested copy of the latest empanelment intimation letter issued by the ICAI/incorporation certificate	
2	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	A copy of the appointment letters from the auditee organizations/work order/contract agreement	
3	shall have at least 6 CA Partners	Copy of institute registration form issued by ICAI. Registration no and date of starting practice for all partners (with break up details of number of full time-chartered accountant partners and paid chartered accounts of firm)	
4	The firm should have at least 5 employees on payroll other than partners .	Self-declaration of list of such staff with qualification and experience	
5	Should have an Annual Average Turnover of at least INR 50 lakhs and positive net worth during the last three financial years (2017-18, 2018-19, and 2019-20).	Certified copy of the audited financial statements and certificate from a Chartered Accountant.	
6	Presence of the Firm in the operational area of SPIU(STRIVE) Dehradun i.e. Uttarakhand	Self declaration certificate with local address of the firm	
7	Undertaking regarding non-engagement as external auditor/statutory auditor with implementing agencies in the State.	Self declarative certificate/Undertaking	