To

The Director
Directorate of Technical Education and Training, Odisha
Killa Maidan, Buxi Bazar,
Cuttack-753001

Subject: Issue of Audit Certificate in respect of World Bank assisted “Vocational Training Improvement Project” (VTIP) for the year 2016-17.

Sir,

I am to forward herewith the Audit Certificate in respect of World Bank assisted “Vocational Training Improvement Project” (VTIP) for the year 2016-17.

The receipt of Audit Certificate may please be acknowledged.

Yours faithfully,

Sr. Audit Officer/ES-I(Tech)

Enclosure:-

1. Audit Certificate
2. Statement of allotment and expenditure
3. Audit observation
Audit Certificate

The Expenditure Statement/Financial Statements relating to the project “World Bank Assisted Vocational Training Improvement Project (VTIP)” (Credit No. 4319-IN) for the year 2016-17 attached here to have been audited in accordance with the regulations and standards of audit of the Comptroller and Auditor General of India and accordingly, included such tests of accounting records, internal checks and controls and other auditing procedures necessary to confirm.

a) that the resources were used for the purpose of the project; and
b) that the expenditure statement/financial statements are correct

During the course of audit referred to above, Statement of Expenditure (SoE) and the connected documents were examined and these can be relied upon to support reimbursement under the aforesaid Loan/Credit agreement.

Out of an amount of ₹7,33,18,502 (₹7,27,18,502 remained unutilised as on 31.03.2016 and ₹6,00,000 drawn during 2016-17) as shown in the SoE, ₹1,25,63,000 is certified and ₹6,07,55,502 kept out of certification for the reasons mentioned in the enclosed audit observation.

On the basis of information and explanations that have been obtained as required and according to the best of our information as a result of the test audit, it is certified that the Expenditure Statements/Financial Statements read with the observations set out below represent a true and fair view of the implementation (and operations) of the Project for the year 2016-17.

This certificate is issued without prejudice to C&AG’s right to incorporate any further/detailed audit observation as and when made in the Report of C&AG of India for being laid before Parliament/State Legislature.

Sr. Deputy Accountant General
31.3.2018
Audit Observation

The following observations were made in respect of project accounts of World Bank Assisted "Vocational Training Improvement Project" (VTIP) for the year 2016-17 on the basis of test check of records of Office of the Directorate Technical Education & Training (DTET), Odisha, Cuttack.

1. Procurement of Equipments

As on 31 March 2017, Odisha Small Industries Corporation (OSIC) Limited was given advance amount of ₹1,714.24 lakh for supply of equipments to 11 ITIs under the VTIP scheme, against which OSIC supplied equipments of ₹1,490.07 lakh which led to excess expenditure of ₹25.83 lakh. Similarly, DTET also procured equipments directly from the suppliers amounting to ₹349.52 lakh for different ITIs and ITUs themselves procured equipments for ₹969.39 lakh at their level. Thus, the total fund utilised upto 2016-17 on procurements was ₹3,058.98 lakh as against ₹3,034.40 lakh as disclosed in SOE. Hence, the excess amount of ₹24.58 lakh has been added to the expenditure incurred for audit certification. Further, the Directorate has not conducted any physical verification of stock and stores during the financial year 2016-17 under the scheme as per Odisha General Financial Rule.

2. Other Charges

As per SOE, the total expenditure on "other charges" up to 2016-17 was ₹930.46 lakh out of ₹988.00 lakh of fund released. Whereas, on scrutiny of actual expenditure vis-a-vis utilization certificates of ITI wise, it was noticed that the actual expenditure on other charges were ₹727.14 lakh. Thus, the difference of ₹203.32 lakh was due to non-submission of UC and showing of expenditure in excess of UC. The expenditure as per SOE, vis-a-vis ITI wise actual expenditure is tabulated as follows:-

<table>
<thead>
<tr>
<th>Sl. No</th>
<th>Name of the unit</th>
<th>Central and State share fund released</th>
<th>Expenditure as per SOE</th>
<th>Actual expenditure</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>ITI, Berhampur</td>
<td>107.50</td>
<td>107.04</td>
<td>64.45</td>
<td>42.59</td>
</tr>
<tr>
<td>2</td>
<td>ITI, Balasore</td>
<td>107.01</td>
<td>107.06</td>
<td>84.67</td>
<td>22.39</td>
</tr>
<tr>
<td>3</td>
<td>ITI, Hirakud</td>
<td>107.01</td>
<td>107.04</td>
<td>72.87</td>
<td>34.17</td>
</tr>
<tr>
<td>4</td>
<td>ITI, Talcher</td>
<td>107.01</td>
<td>100.03</td>
<td>99.17</td>
<td>0.86</td>
</tr>
</tbody>
</table>
As per GFR, the interest on unutilised balance of funds sanctioned under the scheme to be spent on the scheme with prior approval of sanctioning authority or the same has to be refunded. The DTE&T maintained Saving Bank Accounts (No. 30699666823) in SBI, Chandi Chhak Branch since 13.03.2009 for implementation of VTJP Scheme. It was noticed that the accumulated interest in the SB account till 31 March 2017 was ₹ 2.24 crore. Similarly as per bank accounts of 11 ITIs for utilisation of funds sanctioned under VTJP Scheme, a sum of total interest on unutilised balance amounting ₹1.21 crore was credited/accrued up to 31 March 2017.

The total interest under the scheme for the year ended 31 March 2017 was ₹ 3.45 crore. DTE&T has neither obtained the approval of sanctioned authority for utilisation of the same in the Scheme nor refunded the amount to sanctioning authority.

4. Non-preparation of Bank Reconciliation Statement by ITIs & DTET

DTET and ITIs maintained cash book at their level and the unutilised fund under the VTIP scheme was lying with banks. There was difference in funds available as per pass book with that of cash book maintained by the DTET and ITIs. However, Bank reconciliation statement was not prepared by concerned DTET and ITIs. Hence, actual balance available was not ascertained taking into account receipt of fund, interest earned on unutilized fund and expenditure incurred during the year which are required to be prepared to ascertain actual amount available in bank account apart from preparation of Bank Reconciliation Statement.
5. Non reconciliation of allocation, receipt and release of funds with actual receipt at institutional level

Scrutiny of Statement of Allocation/Utilisation of funds under VTIP scheme, respective sanction orders and records produced to audit by ITIs revealed discrepancies in fund released vis-à-vis actual receipt at institutional level. This discrepancy was mainly in equipments and other charge components. Discussion with the management as well as further scrutiny of records revealed that no reconciliation was ever made since inception of the scheme. Moreover, no separate records were kept by the individual ITIs at their level. In absence of any reconciliation statement with respect to the fund allocation, fund received from Central Government and State Government by DTET, fund released to it by DTET and the fund actual received by ITI, audit only certified the amount actually expended by ITIs/Others with reference to amount shown as utilised in the Statement of Allocation/Utilisation of funds submitted to Audit.

(Signed)
Sr. Deputy Accountant General

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# Statement of Allotment and Expenditure 2016-17

<table>
<thead>
<tr>
<th>Sl No</th>
<th>Component</th>
<th>Balance amount withheld certification as on 31.03.2016</th>
<th>Allotment received for 2016-17</th>
<th>Amount drawn during 2016-17</th>
<th>Total available fund</th>
<th>Expenditure incurred during 2016-17</th>
<th>Amount under objection</th>
<th>Amount admitted for certification</th>
<th>Balance amount withheld for certification</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>CIVIL</td>
<td>--</td>
<td>--</td>
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<td>--</td>
<td>--</td>
<td>--</td>
</tr>
<tr>
<td>2</td>
<td>TOOL AND EQUIPMENT</td>
<td>2,65,43,945</td>
<td>0</td>
<td>2,68,45,943</td>
<td>2,22,08,000</td>
<td>(24,58,000)</td>
<td>2,46,66,000</td>
<td>18,77,943</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>MISC AND OTHER CHARGE</td>
<td>4,61,74,559</td>
<td>6,00,000</td>
<td>6,00,000</td>
<td>4,67,74,559</td>
<td>82,29,000</td>
<td>4,03,32,000</td>
<td>(1,21,03,000)</td>
<td>5,88,77,559</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>7,27,18,502</td>
<td>6,00,000</td>
<td>6,00,000</td>
<td>7,33,18,502</td>
<td>3,04,37,000</td>
<td>1,78,74,000</td>
<td>1,25,63,000</td>
<td>6,07,55,502</td>
</tr>
</tbody>
</table>

Sr. Audit Officer/ES-I(Tech.)