

**SELECTION OF CHARTERED
ACCOUNTANT FIRM
FOR CONDUCTING INTERNAL AUDIT OF
IMPLEMENTING AGENCIES SELECTED
FOR IMPLEMENTING WORLD BANK
ASSISTED CENTRALLY SPONSORED
'STRIVE' PROJECT IN THE STATE OF
KERALA**

Tender ID No. _____

(RFP to be uploaded through e- Tender portal of Govt. of Kerala as instructed here under)

STATE PROJECT IMPLEMENTATION UNIT

Directorate of Training,

4th Floor, Thozhil Bhavan, Vikas Bhavan P O, Thiruvananthapuram
(Dist.) Kerala, Pin – 695 033 India.

Website: www.det.kerala.gov.in e-mail: strive.kerala@gmail.com

☎ : +91 (0471) 2303856

**REQUEST FOR PROPOSAL (RFP) FOR APPOINTMENT OF
CHARTERED ACCOUNTANT FIRM FOR CONDUCTING INTERNAL AUDIT AND
CLOSURE AUDIT OF SPIU/SAMC & IMPLEMENTING AGENCIES UNDER STRIVE
PROJECT**

Key Information

<u>Sl. No.</u>	<u>Particulars</u>	<u>Timeline</u>
1.	Tender Issuance Date	16/11/2023
2.	Tender Co-ordinator	Additional State Project Director, State Project Implementation Unit, Directorate of Training
3.	Telephone	+919447528187
4.	E-mail	strive.kerala@gmail.com
5.	Address for Proposal Submission/authorized Tender inviting	State Project Director Directorate of Training 4th Floor, Thozhil Bhavan, Vikas Bhavan P O, Thiruvananthapuram Pin – 695033, Kerala, India. ☎: +91 (0471) 2303856
6.	Last Date of Written request on Pre-Bid queries	20/11/2023
7.	Last date of reply on Pre-bid queries	23/11/2023
8.	Last Date of Submission of Tender (Closing Date)	29/11/2023, 15.00 Hrs.
9.	Technical Bid Opening Date	01/12/2023
10.	Financial Bid Opening Date	**
11.	Tender Cost	Rs.3,000/- + GST @ 18% = Rs.3540/-
12.	EMD	Rs. 20,000/-
13.	Preliminary Agreement	To be executed in Kerala Stamp Paper worth Rs.200/-

**The Financial Proposals of only those who qualify in Technical Proposal will be opened. The date for opening of the Financial Proposal would be communicated separately only to those bidders who are eligible and technically qualified.

Terms of Reference for Internal Audit of Project Financial Statements of the Skills Strengthening for Industrial Value Enhancement (STRIVE) Project in the State of Kerala.

1. Background:

The Industrial Training Department, Govt of Kerala is functioning under the Labour and Skills Department, Govt. of Kerala. It is the State-level nodal agency for implementing various skill development activities of the Director General of Training (DGT), Ministry of Skill Development and Entrepreneurship (MSDE), Govt. of India. The department is implementing the major three schemes introduced by the DGT, namely the Craftsmen Training Scheme (CTS), Apprenticeship Training Scheme (ATS), and Skill Development Initiative Scheme (SDIS) through various Government and Private Industrial Training Institutes (ITIs) and industries scattered in urban, semi-urban and rural areas of the state. The free training and other assistance given to the trainees help to bring the backward sections of society to the mainstream of technological advancement. By using the latest technologies in imparting training the department enhances the employability of the trainees.

Skills Strengthening for Industrial Value Enhancement (STRIVE) is a national project of 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 first phase of the project was scheduled to run over five years from 2017-18 to November 2022 and is an Externally Aided Plan (EAP) supported by the World Bank. The project period was extended up to May 2024.

STRIVE Project implementation through the National Project Implementation Unit (NPIU) at the national level and the State Project Implementation Unit (SPIU) at the state level. SPIUs will be responsible for providing fiduciary guidance, implementation, monitoring, and facilitation of STRIVE. The project will be monitored continually by the National Steering Committee (NSC) and by State Steering Committees (SSCs). The State Apprenticeship Monitoring Cell (SAMC) will be the nodal point for the selection, evaluation, and monitoring of Industry Clusters (ICs). The SAMC is an

independent unit functioning under SPIU but liaises with SPIU and SSC for all matters related to ICs.

2. 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 the 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.

3. Result Areas

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

3.1 RESULT AREA - 01 (RA-01)

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 Caste (SCs) and Scheduled Tribes (STs), developing capacities of teaching staff and broadening employment promotion services.

3.2 RESULT AREA - 02 (RA-02)

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.

3.3 RESULT AREA - 03 (RA-03)

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).

3.4 RESULT AREA - 04 (RA-04)

Improved and Broadened Apprenticeship Training

Grant funding for Industry Apprenticeship Initiatives (IAIs) carried out by Industry Clusters (ICs) to strengthen industry initiatives, increase the participation of SMEs in apprenticeship training, and improve the quality of apprenticeship training programs.

4. Objectives of Internal Audit:

The essence of the STRIVE project audit policy is to ensure that the STRIVE Project implementation agencies receive 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 (OM). It is expected that the process of the audit shall be in a position to provide 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 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”.

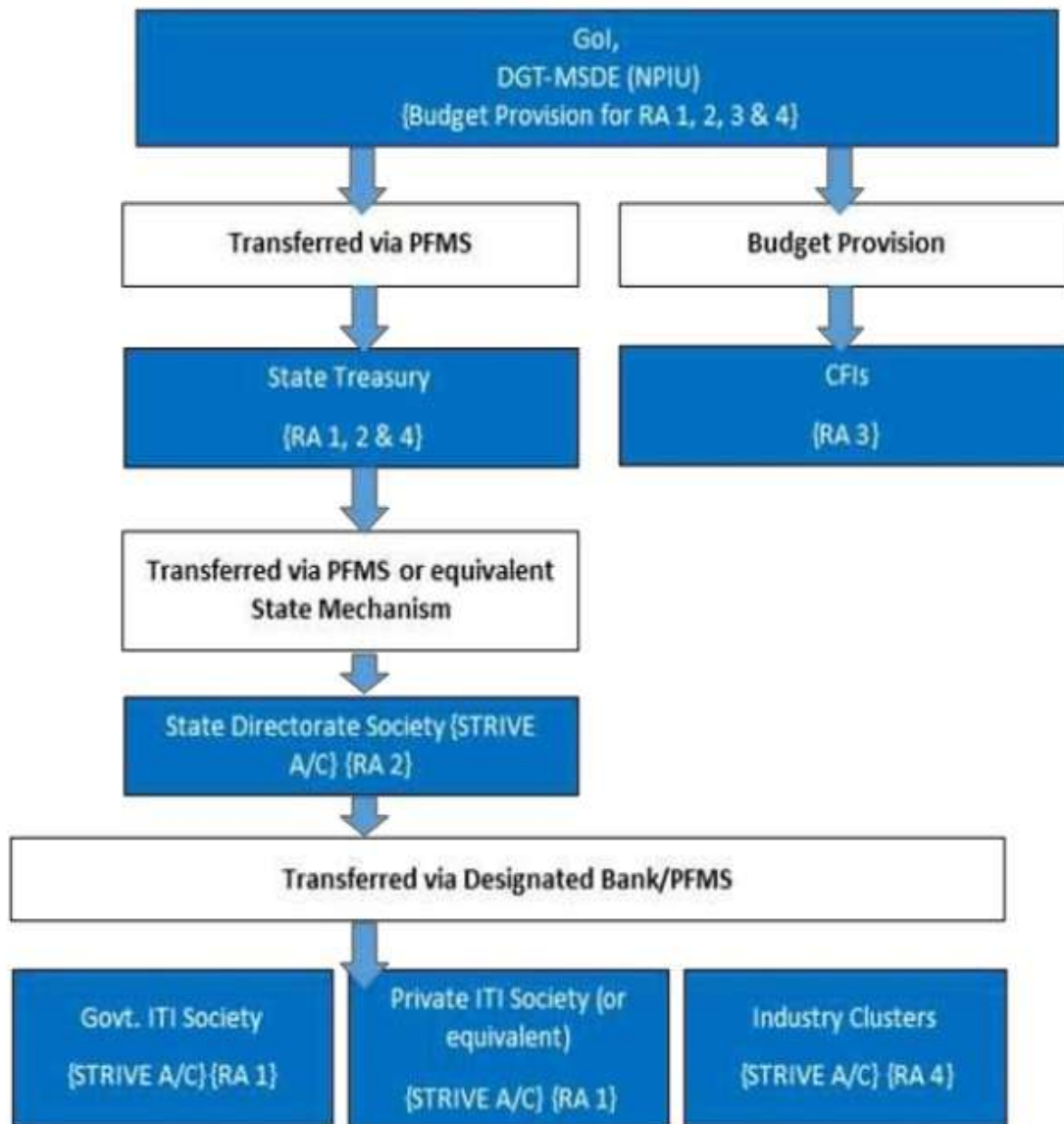
5. Proposed Implementation/ Funds Flow Arrangements

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/Institute Management Committees (IMCs) are designated as drawing and disbursal officers to draw funds from designated STRIVE accounts for payments through Public Financial Management System (PFMS). Each office that makes payments is required to maintain separate Bank Accounts and separate Books of Accounts and records as per the State government procedure.

6. Fund Flow procedures – Result Area Wise

The fund flow procedure (as above) is explained diagrammatically below:-



6.1 REVISED FUND FLOW METHOD (SINGLE NODAL AGENCY - SNA system)

The government of India has revised the procedure for the release of funds as per

the office memorandum from the Ministry of Finance, dated 23rd March 2021. As per the directions of DGT and Govt Order No. G.O (Rt) No.992/2021/Labour, Dated, 18/08/2021 the State Project Implementation Unit is designated as the Single Nodal Agency (SNA), and the existing Bank Account as the Single Nodal Account (SNA). As per the SNA guidelines the account balances of the Implementing Agencies (IAs) were transferred to the Single Nodal Account and set the drawing limit of the implementing agencies. From the FY. 2022-23 onwards fund flow is according to the SNA system, ie drawing limit of each implementing agency is set on the PFMS by SNA and the implementing agencies can draw on a real-time basis from the Single Nodal account as and when payments are to be made to vendors. The account balance of the implementing agencies is always zero. The interest credited to the SNA account should be remitted to the consolidated fund of India.

7. Project Financial Statements.

The Project Financial Statements (PFS) should include:

1. A summary of funds received Result area-wise by SPIUs and IAs.
2. 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
3. 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 can't 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 the date of such purchase along with its location (c) project related unpaid bills/liabilities as at year-end.

8. SCOPE

8.1 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, Govt. ITIs, Private ITIs, 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 projects 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 should verify the procurement processes being followed at the ITIs, ICs, SAMC, SPIU, and State Societies are as per Procurement Guidelines under the STRIVE project. The internal audit report must report on any variation in the procurement process as laid by the procurement guidelines in the OM.

8.2 Coverage of Internal Audit extends to

1. 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, plans, and procedures; reliability of accounting systems, data, and financial reports; creating control mechanism in areas where they are lacking; verification of assets and liabilities, security and effectiveness of the operation of the computerized system.
2. Efficiency and timeliness of the funds flow mechanism at the SPIU, SAMC, Industry Clusters (ICs)- (ICs - 5 Nos), and at the ITIs (23 Govt. ITIs & 2 Private ITIs). The location and count of offices / ITIs/ ICs to be audited is appended in Annexure -1.
3. Whether the accounts are compiled and consolidated in a timely manner and the expenditure consolidated on a monthly/ Half Yearly basis at the SPIU Level.
4. Verify whether payment to the third parties is as per agreement.
5. Verify all necessary supporting documents, records, and accounts have been kept in respect of all Result area-wise activities, and clear synchronization exists between accounting records, accounts books, and the periodic financial

reports (internal and external i.e. Interim un-audited Financial Reports)

6. The auditor is expected to obtain and satisfactorily document sufficient audit evidence to support audit conclusions.
7. Internal auditors to summarize key issues and risks from a review of the Annual / Statutory Audit report.
8. The auditor will also provide a variance report as per the approved annual action plan and budget.
9. Auditor should certify that the utilization certificates of funds at each Beneficiary is prepared, provided to respective SPIU/ NPIUs as the need arises.
10. The auditor will conduct a closure audit for finalizing the books of accounts including closure financial statements.
11. The auditor will issue a certificate on the correctness of the closure utilization certificate.
12. The auditor will reconcile the amount of expenditure against the eligible expenditures and arrive at the un-utilized amount if any.

9. Final Output & Reporting

9.1 Half-Yearly Reporting & Annual Reporting at SPIU:

The Auditor will provide separate consolidated reports on State Society, SPIU, SAMC, project ICs, and project ITIs in the State under STRIVE to the State Audit Committee with a copy to SPIU. The reports should be provided within 30 days of auditing 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 upon with the state audit committee and should be structured in a manner giving observations, implications of observations, suggested recommendation, and 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 reports are to be submitted for each financial year. Discussion notes duly signed by both parties will be part of the audit report. The actual date of submission of audit reports will be specified in the Award of Contract.

9.2 Reporting Procedure

The procedure of conducting audits at SPIUs/SAMCs, project ITIs, and project ICs in the State.

1. The auditor shall inform the implementing agencies 15 days before the Audit.

2. The auditor should give a detailed work plan for conducting audits at SPIUs and other implementing agencies.
3. The auditor should make an audit project and plan for SPIUs and other implementing agencies in coordination with their accounts & finance team.
4. 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.
5. During the audit, the Internal Audit team shall interact with management staff for any clarification. For clarification, the audit team will present their findings in the common platform.
6. The auditor shall interact with the management before furnishing any report.
7. The plan shall be finalized in consultation with management at the implementing agency level.
8. The detailed approach and methodology should be provided by the auditor.

10. Period of Internal Audit.

Initial contract with the firm for the completion of half yearly auditing and submission of reports for the FY 2018-19, 2019-20, 2020-21, 2021-22, 2022-23 & the first half year of 2023-24 will be for three months from the date of award of contract. Since the project period ends in May 2024, the process of auditing and submitting reports for the second half year of FY 2023-24 and the submission of closure audit reports should be completed by 30.04.2024. The selected firm will submit an audit plan in advance, in consultation with SPIU, and agree to the Schedule of Audit. The contract will be reviewed after assessing the pace of implementation, requirements, and performance of the Internal Auditor.

11. Qualification Criteria for Short Listing of Internal Audit Firm

1. Must be a firm of Chartered Accountants registered under The Institute of Chartered Accountants of India from the state of Kerala and should have field offices in all three regions shown in Annexure 1.
2. The firm should include auditors conversant in regional language (Malayalam).
3. Experience of having undertaken at least 5 similar assignments (Internal Audit Assignments) with Central/ State Government/ externally aided projects in India, in the last 10 years.

4. The Chartered Accountancy Firm shall have at least 6 CA Partners. The breakup details to be provided are (i) Partners of Firm i.e. number of full-time-chartered accountant partners, (ii) paid chartered accounts of the firm must also be provided.
5. The internal auditor is required to submit a declaration on their non-engagement as an external auditor/statutory auditor with other implementing agencies in the State.
6. The auditors appointed should be independent and free from any economic, financial, and other relationships with the Appointing Entity (Industry Cluster/ ITI / SPIU/ SAMC). The auditors are also required to be free from having any role in the project implementation.

* * * *

Annexure-1

Number of Implementing Agencies (IAs) to be Audited (Region-wise)			
Regions	Districts	Number of Implementing Agencies to be Audited	
1	Thiruvananthapuram	5	9
	Kollam	2	
	Alappuzha	1	
	Kottayam	1	
2	Ernakulam	5	12
	Thrissur	4	
	Palakkad	2	
	Wayanad	1	
3	Malappuram	2	10
	Kozhikode	2	
	Kannur	4	
	Kasaragode	2	
Total		31	

I/549248/2023

Annexure-02**Technical Proposal Covering Letter**

(to be submitted in the letterhead of the firm)

Date:

To
The State Project Director
SPIU, Directorate of Training,
Thozhil Bhavan, Vikasbhavan P O,
Thiruvananthapuram-33.

Sub: TENDER No.

**INVITATION OF TENDER FOR APPOINTMENT OF CHARTERED ACCOUNTANT FIRM FOR
CONDUCTING INTERNAL AUDIT OF IMPLEMENTING AGENCIES SELECTED FOR WORLD
BANK ASSISTED CENTRALLY SPONSORED 'STRIVE' PROJECT IN THE STATE OF KERALA**

Having examined the above tender notice including all Annexures, the receipt of which is hereby duly acknowledged, we, the undersigned, offer to undertake the services in conformity with the said tender in accordance with the Prices indicated in the Financial Bid and made part of this Bid.

If our Offer is accepted, we undertake to provide service as a firm as per the timelines defined by the SPIU from the date of commencement of services. We agree to abide by this offer till 60 days from the date of Financial Proposal opening and our offer shall remain binding upon us and may be accepted by the SPIU any time before expiry of that period.

Until a formal contract is prepared and executed, this offers together with the SPIU's written acceptance thereof and the notification of award, shall constitute a binding contract between us. We confirm that we have not made any changes in the offer documents, except for filling in appropriate columns.

We confirm that our firm has not been blacklisted/ debarred by any Government Financial Institutions/Banks/ RBI/ ICAI/ IBA/ Government/ Semi- Government departments/ PSUs in India. We confirm that our firm does not have any pecuniary liabilities nor any judicial proceedings or any restraint restricting us in fulfilling the consultancy services. The declaration on our non-engagement as an external auditor/statutory auditor with other implementing agencies in the State is also enclosed.

We understand that the SPIU is not bound to accept the offer and has right to reject the offer in full or part without assigning any reasons, whatsoever.

Signature of the Authorized Signatory

Name: Designation:
Name & Address of the Firm:

Annexure-03**Eligibility Criteria**

Sl. No.	Details	Support Documents to be submitted
1	Must be a firm of Chartered Accountants registered under The Institute of Chartered Accountants of India from the state of Kerala.	Certified copy of CA institute Firm Card in case of Partnerships and Registration Certificate of RoC (For LLPs). Certificate of Incorporation and List of offices on letter head of the Company duly signed by Authorized Signatory.
2	The core business of the Bidder should be providing audit, assurance and allied advisory services.	Copy ICAI Firm Card.
3	Experience of having undertaken at least 5 similar assignments (Internal Audit Assignments) with Central/ State Government/ externally aided projects in India, in the last 10 years	Related Work Order or any other supporting documents as acceptable to Board. (Engagement Letter as well)
4	The auditors appointed should be independent and free from any economic, financial, and other relationships with the Appointing Entity (Industry Cluster/ ITI / SPIU/ SAMC). The auditors are also required to be free from having any role in the project implementation	A self-declaration by the Bidder on Bidder's letter head.
5	The Chartered Accountancy Firm shall have at least 6 CA Partners.	Partners of Firm i.e. number of full-time-chartered accountant partners, Paid chartered accounts of the firm must also be provided.
6	The Bidder should have field offices in any of the districts in all three regions as shown in Annexure 1 Office of the firm at Thiruvananthapuram with 3 years of functional presence.	Certificate of Incorporation. List of offices on letter head of the Company duly signed by Authorized Signatory.

Signature of the Authorized Signatory**Name: Designation:****Name & Address of the Firm:**

Annexure-04

Approach, Methodology and Work Plan

1. The firm should submit the Approach, Methodology and work plan in one integrated document.
2. Team structure and staffing pattern should be highlighted for deploying an experienced team with the requisite skill sets to deliver the scope of the assignment.
3. The project scope and timelines tentatively are as defined in the ToR.

Signature of the Authorized Signatory

Name: Designation:

Name & Address of the Firm:

Annexure-05**Proposed Team Profile & composition**

Profile	Head/ Audit-in charge	Other team members
Name		
Present Designation		
Qualifications		
Nationality		
Total Work experience		
Language proficiency		
Areas of expertise relevant to CSS Projects		
Role in the proposed project		
Tasks assigned		

We hereby acknowledge that the information provided by us is true and to the best of our knowledge.

Signature of the Authorized Signatory

Name: Designation:

Name & Address of the Firm:

Note:

1. The Resume and experience of each member should be well detailed and may produce the evidence for verification if necessary.
2. In each of the scope listed, if more than one professional is available then the indicative profile of each of such professional should be furnished. (see 3.3 Project Scope)

**SELECTION OF CHARTERED ACCOUNTANT FIRM
FOR CONDUCTING INTERNAL AUDIT OF IMPLEMENTING
AGENCIES SELECTED FOR IMPLEMENTING WORLD BANK
ASSISTED CENTRALLY SPONSORED 'STRIVE' PROJECT IN THE
STATE OF KERALA**

Tender ID No. _____

(RFP to be uploaded through e- Tender portal of Govt. of Kerala as instructed here under)

STATE PROJECT IMPLEMENTATION UNIT

Directorate of Training,

4th Floor, Thozhil Bhavan, Vikas Bhavan P O, Thiruvananthapuram (Dist.) Kerala, Pin – 695 033 India.

Website: www.det.kerala.gov.in e-mail: strive.kerala@gmail.com ☎ : +91 (0471) 2303856

REQUEST FOR PROPOSAL (RFP) FOR APPOINTMENT OF
CHARTERED ACCOUNTANT FIRM FOR CONDUCTING INTERNAL AUDIT AND
CLOSURE AUDIT OF SPIU/SAMC & IMPLEMENTING AGENCIES UNDER STRIVE
PROJECT

Key Information

<u>Sl. No.</u>	<u>Particulars</u>	<u>Timeline</u>
1.	Tender Issuance Date	01/10/2023
2.	Tender Co-ordinator	Additional State Project Director, State Project Implementation Unit, Directorate of Training
3.	Telephone	+919447528187
4.	E-mail	strive.kerala@gmail.com
5.	Address for Proposal Submission/authorized Tender inviting	State Project Director Directorate of Training 4th Floor, Thozhil Bhavan, Vikas Bhavan P O, Thiruvananthapuram Pin – 695033, Kerala, India. ☎: +91 (0471) 2303856
6.	Last Date of Written request on Pre-Bid queries	20/11/2023
7.	Last date of reply on Pre-bid queries	23/11/2023
8.	Last Date of Submission of Tender (Closing Date)	29/11/2023, 15.00 Hrs.
9.	Technical Bid Opening Date	29/11/2023, 16.00 Hrs.
10.	Financial Bid Opening Date	**
11.	Tender Cost	Rs.3,000/- + GST @ 18% = Rs.3540/-
12.	EMD	Rs. 20,000/-
13.	Preliminary Agreement	To be executed in Kerala Stamp Paper worth Rs.200/-

****The Financial Proposals of only those who qualify in Technical Proposal will be opened. The date for opening of the Financial Proposal would be communicated separately only to those bidders who are eligible and technically qualified.**

Terms of Reference for Internal Audit of Project Financial Statements of the Skills Strengthening for Industrial Value Enhancement (STRIVE) Project in the State of Kerala.

1. Background:

The Industrial Training Department, Govt of Kerala is functioning under the Labour and Skills Department, Govt. of Kerala. It is the State-level nodal agency for implementing various skill development activities of the Director General of Training (DGT), Ministry of Skill Development and Entrepreneurship (MSDE), Govt. of India. The department is implementing the major three schemes introduced by the DGT, namely the Craftsmen Training Scheme (CTS), Apprenticeship Training Scheme (ATS), and Skill Development Initiative Scheme (SDIS) through various Government and Private Industrial Training Institutes (ITIs) and industries scattered in urban, semi-urban and rural areas of the state. The free training and other assistance given to the trainees help to bring the backward sections of society to the mainstream of technological advancement. By using the latest technologies in imparting training the department enhances the employability of the trainees.

Skills Strengthening for Industrial Value Enhancement (STRIVE) is a national project of 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 first phase of the project was scheduled to run over five years from 2017-18 to November 2022 and is an Externally Aided Plan (EAP) supported by the World Bank. The project period was extended up to May 2024.

STRIVE Project implementation through the National Project Implementation Unit (NPIU) at the national level and the State Project Implementation Unit (SPIU) at the state level. SPIUs will be responsible for providing fiduciary guidance, implementation, monitoring, and facilitation of STRIVE. The project will be monitored

continually by the National Steering Committee (NSC) and by State Steering Committees (SSCs). The State Apprenticeship Monitoring Cell (SAMC) will be the nodal point for the selection, evaluation, and monitoring of Industry Clusters (ICs). The SAMC is an independent unit functioning under SPIU but liaises with SPIU and SSC for all matters related to ICs.

2. 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 the 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.

3. Result Areas

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

3.1 RESULT AREA - 01 (RA-01)

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 Caste (SCs) and Scheduled Tribes (STs), developing capacities of teaching staff and broadening employment promotion services.

3.2 RESULT AREA - 02 (RA-02)

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.

3.3 RESULT AREA - 03 (RA-03)

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).

3.4 RESULT AREA - 04 (RA-04)

Improved and Broadened Apprenticeship Training

Grant funding for Industry Apprenticeship Initiatives (IAIs) carried out by Industry Clusters (ICs) to strengthen industry initiatives, increase the participation of SMEs in apprenticeship training, and improve the quality of apprenticeship training programs.

4. Objectives of Internal Audit:

The essence of the STRIVE project audit policy is to ensure that the STRIVE Project implementation agencies receive 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 (OM). It is expected that the process of the audit shall be in a position to provide 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 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”.

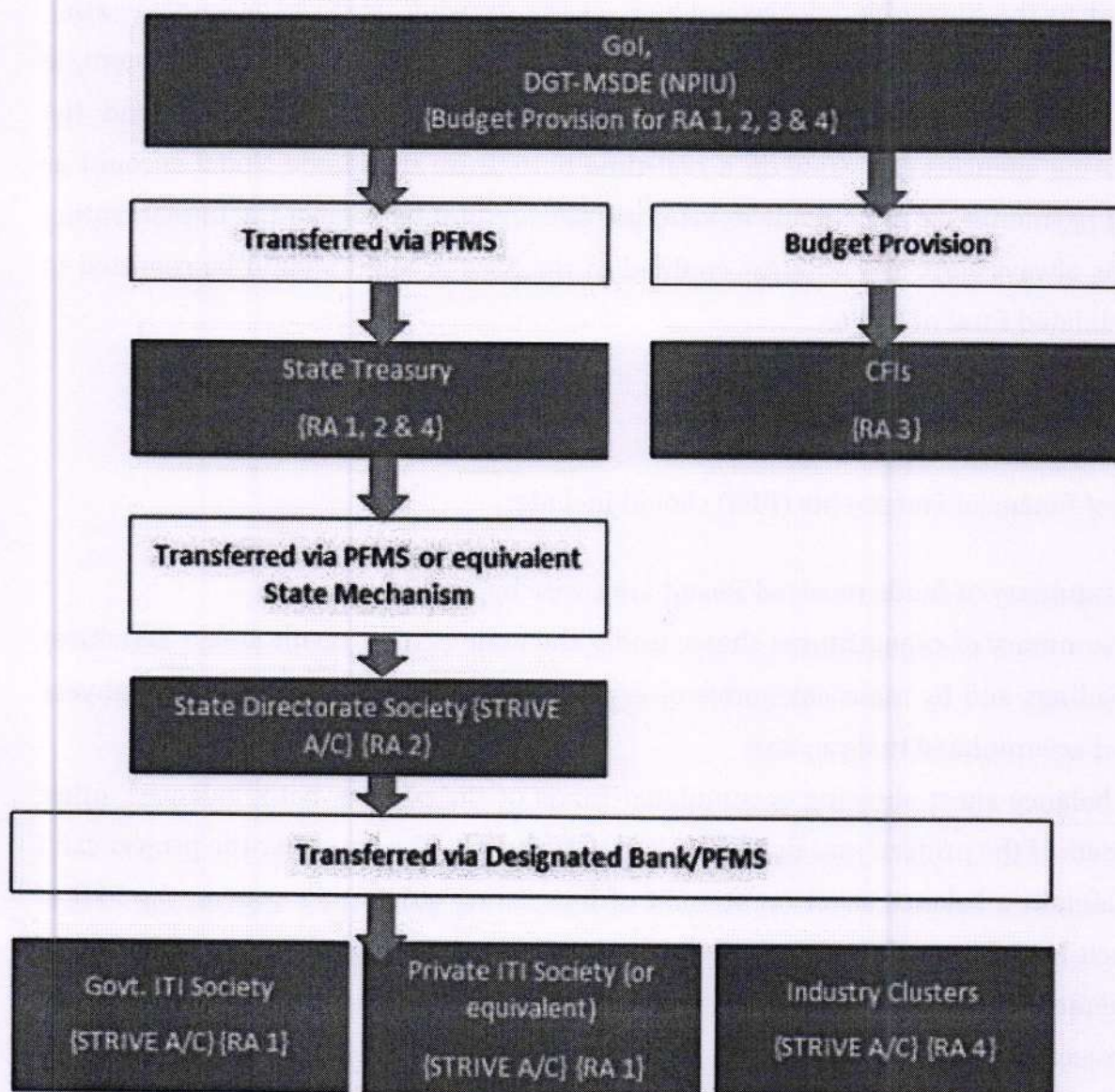
5. Proposed Implementation/ Funds Flow Arrangements

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/Institute Management Committees (IMCs) are designated as drawing and disbursal officers to draw funds from designated STRIVE accounts for payments through Public Financial Management System (PFMS). Each office that makes payments is required to maintain separate Bank Accounts and separate Books of Accounts and records as per the State government procedure.

6. Fund Flow procedures – Result Area Wise

The fund flow procedure (as above) is explained diagrammatically below:-



6.1 REVISED FUND FLOW METHOD (Single Nodal Agency - SNA system)

The government of India has revised the procedure for the release of funds as per the office memorandum from the Ministry of Finance, dated 23rd March 2021. As per the

directions of DGT and Govt Order No. G.O (Rt) No.992/2021/Labour, Dated, 18/08/2021 the State Project Implementation Unit is designated as the Single Nodal Agency (SNA), and the existing Bank Account as the Single Nodal Account (SNA). As per the SNA guidelines the account balances of the Implementing Agencies (IAs) were transferred to the Single Nodal Account and set the drawing limit of the implementing agencies. From the FY. 2022-23 onwards fund flow is according to the SNA system, ie drawing limit of each implementing agency is set on the PFMS by SNA and the implementing agencies can draw on a real-time basis from the Single Nodal account as and when payments are to be made to vendors. The account balance of the implementing agencies is always zero. The interest credited to the SNA account should be remitted to the consolidated fund of India.

7. Project Financial Statements.

The Project Financial Statements (PFS) should include:

1. A summary of funds received Result area-wise by SPIUs and IAs.
2. 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
3. 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 can't 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 the date of such purchase along with its location (c) project related unpaid bills/liabilities as at year-end.

8. SCOPE

8.1 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, Govt. ITIs, Private ITIs, 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 projects 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 should verify the procurement processes being followed at the ITIs, ICs, SAMC, SPIU, and State Societies are as per Procurement Guidelines under the STRIVE project. The internal audit report must report on any variation in the procurement process as laid by the procurement guidelines in the OM.

8.2 Coverage of Internal Audit extends to

1. 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, plans, and procedures; reliability of accounting systems, data, and financial reports; creating control mechanism in

areas where they are lacking; verification of assets and liabilities, security and effectiveness of the operation of the computerized system.

2. Efficiency and timeliness of the funds flow mechanism at the SPIU, SAMC, Industry Clusters (ICs)- (ICs - 5 Nos), and at the ITIs (23 Govt. ITIs & 2 Private ITIs). The location and count of offices / ITIs/ ICs to be audited is appended in Annexure -1.
3. Whether the accounts are compiled and consolidated in a timely manner and the expenditure consolidated on a monthly/ Half Yearly basis at the SPIU Level.
4. Verify whether payment to the third parties is as per agreement.
5. Verify all necessary supporting documents, records, and accounts have been kept in respect of all Result area-wise activities, and clear synchronization exists between accounting records, accounts books, and the periodic financial reports (internal and external i.e. Interim un-audited Financial Reports)
6. The auditor is expected to obtain and satisfactorily document sufficient audit evidence to support audit conclusions.
7. Internal auditors to summarize key issues and risks from a review of the Annual / Statutory Audit report.
8. The auditor will also provide a variance report as per the approved annual action plan and budget.
9. Auditor should certify that the utilization certificates of funds at each Beneficiary is prepared, provided to respective SPIU/ NPIUs as the need arises.
10. The auditor will conduct a closure audit for finalizing the books of accounts including closure financial statements.
11. The auditor will issue a certificate on the correctness of the closure utilization certificate.
12. The auditor will reconcile the amount of expenditure against the eligible expenditures and arrive at the un-utilized amount if any.

9. Final Output & Reporting

9.1 Half-Yearly Reporting & Annual Reporting at SPIU:

The Auditor will provide separate consolidated reports on State Society, SPIU, SAMC, project ICs, and project ITIs in the State under STRIVE to the State Audit Committee with a copy to SPIU. The reports should be provided within 30 days of auditing 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 upon with the state audit committee and should be structured in a manner giving observations, implications of observations, suggested recommendation, and 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 reports are to be submitted for each financial year. Discussion notes duly signed by both parties will be part of the audit report. The actual date of submission of audit reports will be specified in the Award of Contract.

9.2 Reporting Procedure

The procedure of conducting audits at SPIUs/SAMCs, project ITIs, and project ICs in the State.

1. The auditor shall inform the implementing agencies 15 days before the Audit.
2. The auditor should give a detailed work plan for conducting audits at SPIUs and other implementing agencies.
3. The auditor should make an audit project and plan for SPIUs and other implementing agencies in coordination with their accounts & finance team.
4. 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.
5. During the audit, the Internal Audit team shall interact with management staff for any clarification. For clarification, the audit team will present their findings in the common platform.

6. The auditor shall interact with the management before furnishing any report.
7. The plan shall be finalized in consultation with management at the implementing agency level.
8. The detailed approach and methodology should be provided by the auditor.

10. Period of Internal Audit.

Initial contract with the firm for the completion of half yearly auditing and submission of reports for the FY 2018-19, 2019-20, 2020-21, 2021-22, 2022-23 & the first half year of 2023-24 will be for three months from the date of award of contract. Since the project period ends in May 2024, the process of auditing and submitting reports for the second half year of FY 2023-24 and the submission of closure audit reports should be completed by 30.04.2024. The selected firm will submit an audit plan in advance, in consultation with SPIU, and agree to the Schedule of Audit. The contract will be reviewed after assessing the pace of implementation, requirements, and performance of the Internal Auditor.

11. Qualification Criteria for Short Listing of Internal Audit Firm

1. Must be a firm of Chartered Accountants registered under The Institute of Chartered Accountants of India from the state of Kerala and should have field offices in all three regions shown in Annexure 1.
2. The firm should include auditors conversant in regional language (Malayalam).
3. Experience of having undertaken at least 5 similar assignments (Internal Audit Assignments) with Central/ State Government/ externally aided projects in India, in the last 10 years.
4. The Chartered Accountancy Firm shall have at least 6 CA Partners. The breakup details to be provided are (i) Partners of Firm i.e. number of full-time-chartered accountant partners, (ii) paid chartered accounts of the firm must also be provided.
5. The internal auditor is required to submit a declaration on their non-engagement as an external auditor/statutory auditor with other implementing agencies in the State.

6. The auditors appointed should be independent and free from any economic, financial, and other relationships with the Appointing Entity (Industry Cluster/ ITI / SPIU/ SAMC). The auditors are also required to be free from having any role in the project implementation.

Annexure-1

Number of Implementing Agencies (IAs) to be Audited (Region-wise)			
Regions	Districts	Number of Implementing Agencies to be Audited	
1	Thiruvananthapuram	5	9
	Kollam	2	
	Alappuzha	1	
	Kottayam	1	
2	Ernakulam	5	12
	Thrissur	4	
	Palakkad	2	
	Wayanad	1	
3	Malappuram	2	10
	Kozhikode	2	
	Kannur	4	
	Kasaragode	2	
Total		31	

TECHNICAL PROPOSAL COVERING LETTER

(to be submitted in the letterhead of the firm)

Date:

To
The State Project Director
SPIU, Directorate of Training,
Thozhil Bhavan, Vikasbhavan P O,
Thiruvananthapuram-33.

Sub: TENDER No.

**INVITATION OF TENDER FOR APPOINTMENT OF CHARTERED ACCOUNTANT FIRM FOR
CONDUCTING INTERNAL AUDIT OF IMPLEMENTING AGENCIES SELECTED FOR WORLD BANK
ASSISTED CENTRALLY SPONSORED 'STRIVE' PROJECT IN THE STATE OF KERALA**

Having examined the above tender notice including all Annexures, the receipt of which is hereby duly acknowledged, we, the undersigned, offer to undertake the services in conformity with the said tender in accordance with the Prices indicated in the Financial Bid and made part of this Bid.

If our Offer is accepted, we undertake to provide service as a firm as per the timelines defined by the SPIU from the date of commencement of services. We agree to abide by this offer till 60 days from the date of Financial Proposal opening and our offer shall remain binding upon us and may be accepted by the SPIU any time before expiry of that period.

Until a formal contract is prepared and executed, this offers together with the SPIU's written acceptance thereof and the notification of award, shall constitute a binding contract between us. We confirm that we have not made any changes in the offer documents, except for filling in appropriate columns.

We confirm that our firm has not been blacklisted/ debarred by any Government Financial Institutions/Banks/ RBI/ ICAI/ IBA/ Government/ Semi- Government departments/ PSUs in India. We confirm that our firm does not have any pecuniary liabilities nor any judicial proceedings or any restraint restricting us in fulfilling the consultancy services. The declaration on our non-engagement as an external auditor/statutory auditor with other implementing agencies in the State is also enclosed.

We understand that the SPIU is not bound to accept the offer and has right to reject the offer in full or part without assigning any reasons, whatsoever.

Signature of the Authorized Signatory

Name: Designation:

Name & Address of the Firm:

ANNEXURE-03
ELIGIBILITY CRITERIA

Sl. No.	Details	Support Documents to be submitted
1	Must be a firm of Chartered Accountants registered under The Institute of Chartered Accountants of India from the state of Kerala.	Certified copy of CA institute Firm Card in case of Partnerships and Registration Certificate of RoC (For LLPs). Certificate of Incorporation and List of offices on letter head of the Company duly signed by Authorized Signatory.
2	The core business of the Bidder should be providing audit, assurance and allied advisory services.	Copy ICAI Firm Card.
3	Experience of having undertaken at least 5 similar assignments (Internal Audit Assignments) with Central/ State Government/ externally aided projects in India, in the last 10 years	Related Work Order or any other supporting documents as acceptable to Board. (Engagement Letter as well)
4	The auditors appointed should be independent and free from any economic, financial, and other relationships with the Appointing Entity (Industry Cluster/ ITI / SPIU/ SAMC). The auditors are also required to be free from having any role in the project implementation	A self-declaration by the Bidder on Bidder's letter head.
5	The Chartered Accountancy Firm shall have at least 6 CA Partners.	Partners of Firm i.e. number of full-time-chartered accountant partners, Paid chartered accounts of the firm must also be provided.
6	The Bidder should have field offices in any of the districts in all three regions as shown in Annexure 1 Office of the firm at Thiruvananthapuram with 3 years of functional presence.	Certificate of Incorporation. List of offices on letter head of the Company duly signed by Authorized Signatory.

Signature of the Authorized Signatory

Name: Designation:

Name & Address of the Firm:

ANNEXURE-04

APPROACH, METHODOLOGY AND WORK PLAN

- 1) The firm should submit the Approach, Methodology and work plan in one integrated document.
- 2) Team structure and staffing pattern should be highlighted for deploying an experienced team with the requisite skill sets to deliver the scope of the assignment.
- 3) The project scope and timelines tentatively are as defined in the ToR.

Signature of the Authorized Signatory

Name: Designation:

Name & Address of the Firm:

ANNEXURE-05

PROPOSED TEAM PROFILE & COMPOSITION

Profile	Head/ Audit-in charge	Other team members
Name		
Present Designation		
Qualifications		
Nationality		
Total Work experience		
Language proficiency		
Areas of expertise relevant to CSS Projects		
Role in the proposed project		
Tasks assigned		

We hereby acknowledge that the information provided by us is true and to the best of our knowledge.

Signature of the Authorized Signatory

Name: Designation:

Name & Address of the Firm:

Note:

1. The Resume and experience of each member should be well detailed and may produce the evidence for verification if necessary.
2. In each of the scope listed, if more than one professional is available then the indicative profile of each of such professional should be furnished. (see 3.3 Project Scope)


Dr. Veena N Madhavan IAS
State Project Director