



28.12.2022

To,
The Project Director
Uttarakhand Workforce Development Project
Dehradun.

Management Letter of the Financial year 2021-22**Dear Sir,**

We have conducted Statutory Audit of Uttarakhand Workforce Development Project for the financial year 2021-22, for which audited accounts & Statutory Audit Report have been signed & issued separately. We are issuing hereunder the Management letter for Uttarakhand Workforce Development Project for the financial year 2021-22 for your kind information.

Key observations of the financial year 2021-22 Statutory Audit are given below:-

1. Professional liability insurance as required under SCC para no. 24.1 of all contracts was not taken.
2. As per para 39.1 & 39.2 of the contract, GST has to be reimbursed to the party. But, the same was not implemented. Rather, the GST amount was paid to the party against their invoices without ensuring GST compliance.
3. Physical verification of the fixed assets was not conducted by the management., therefore, internal control is deficient in this regard .
4. Non deduction of Income Tax TDS of Rs. 30,84,764/- on advance payment to Payjal Nigam & BRIDCUL.
5. Net excess claimed from the World Bank in the FY 2021-22 was Rs. 42.03 Lakhs.
6. Short claim of Rs. 59.70 Lakhs pertaining to FY 2020-21 was claimed as Rs. 5.90 Lakhs in the FY 2021-22 i.e. Short claim of Rs. 53.80 Lakhs was not claimed.
7. During the FY 2021-22, Rs. 2,10,370/- was paid for late deposit of TDS .
8. The contract for conducting need assessment study for training & employment of women was awarded to Mr. Abhinav Kumar Gupta. But report was submitted by M/s White Peak Consulting Pvt. Ltd. In which Mr. Abhinav Kumar Gupta is the director. Further, payment of Rs.6,33,675/- was made to M/s White Peak Consulting Pvt. Ltd.in place of Mr. Abhinav Kumar Gupta.

In case you need any further information / clarification on the captioned subject, please feel free to revert us.

Thanking you

For Ansul Agrawal & Co.
Chartered Accountants

(Anshul Agrawal)
Partner



UTTARAKHAND WORKFORCE DEVELOPMENT PROJECT

Annexure-I (UC)

Amount in Lakhs

Statement of fund UTILIZATION FOR THE YEAR 2021-22 (AS ON 31-03-2022)

Agency : **UTTARAKHAND WORKFORCE DEVELOPMENT PROJECT**
State : **Uttarakhand**

Certified that out of INR 8,170.00 Lakh of grants received during the year 2021-22 in favour of Uttarakhand Workforce Development Project(UKWDP), INR 6,016.28 Lakh(excluding Misc. income) on account of unspent balance of the previous FY, a sum of INR,8,896.39 Lakh (excluding Misc. exp.) has been utilized for the purpose of Implementation of the project activities for which it was sanctioned and that the Closing balance of INR 5,472.07 Lakh remaining unutilized as on 31/03/2022 that will be adjusted towards the grants-in-aid to be received under the project.

	Opening balance as on 01-04-2022 (As per bank book)	6,016.28
	Add: Funds received during Financial Year 2021-22 (from GOUK)	8,170.00
	Add: Interest earned during Financial Year 2021-22	202.67
	Add: Misc. receipt during Financial Year 2021-22 (EMD)	2.39
1	Total Funds Available	14,391.34
2	Less: Expenditure made during Financial Year 2021-22	8896.39
	Component 1 = Rs. 6,615.25	
	Component 2 = Rs. 1,860.99	
	Component 3 = Rs. 420.15	
3	Less: Interest Surrender to GOUK during the year 2021-22	22.88
	Closing Bank Balance as on 31-03-2022 (1)-(2+3)	5,472.07

Certified that I have satisfied myself that the conditions on which funds were sanctioned have been duly fulfilled/are being fulfilled and that I have exercised the following checks to see that the money has been actually utilized for the purpose for which it was sanctioned.

Kinds of Checks exercised:

- (i) It has been ensured that physical and financial performance under UKWDP has been according to the requirements as prescribed by the Government of Uttarakhand and as per Loan Agreement ID. 8877-IN
- (ii) It has been checked and ensured that funds released by the Government of Uttarakhand for implementation of the project has not been diverted and utilized for any item expenditure which is not admissible as per project guidelines/loan agreement.
- (iii) Interest accrued against funds received from Government of Uttarakhand in current FY deposited in following FY after completion of Statutory Audit of the current FY.

Signature:

Name : Anshu Agrawal & Co.
Designation: Partner

Signature:

Name : Uttarakhand Workforce Development Project
Designation: Finance Controller
SPIO Dehradun

UDIN: 22092048B6HZR59661

Date: 28-12-2022

Place: Dehradun

**Audit Report—Unqualified Opinion****Independent Auditor's Report**

To,
The Project Director
Uttarakhand Workforce Development Project
Dehradun.

Report on the Audit of the Project Financial Statements**Opinion**

We have audited the accompanying special purpose financial statements of *Uttarakhand Workforce Development Project (P154525)* financed by the International Bank for Reconstruction and Development (IBRD) Loan No. 8877-IN and implemented by *Uttarakhand Workforce Development Project(UKWDP) SPIU/UKSDM of the Department of Skill Development and Employment, GoUK*. These financial statements comprise of the Statement of Sources and Application of funds, Statement of reconciliation of claims to total application of funds and notes to these financial statements, including a summary of significant accounting policies (collectively referred to as the "Project Financial Statements").

In our opinion, the aforesaid Project Financial Statements give a true and fair view of the *financial position and expenditure of the Project as at March 31, 2022* in accordance with the financial reporting provisions of Section 5.09 of the General Conditions of the World Bank read with the Financing /Loan Agreement and Project Agreement both dated 18th September, 2018.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing issued by Institute of Chartered Accountants of India (ICAI). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the implementing agency in accordance with the ICAI's Code of Ethics for undertaking this assignment, and we have fulfilled our ethical responsibilities in accordance with ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note No. 1 to the PFS describing the basis of accounting. The PFS is prepared to assist the *Uttarakhand Workforce Development Project* to meet the financial reporting requirements of the Project's Financing Agreements for Investment Project Financing dated 18th September, 2018 in respect of preparation of the Project Financial Statements in a manner to reflect the operations, resources and expenditures related to the Project. As a result, these special purpose financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.



Responsibilities of Management and those charged with Governance for the Project Financial Statements

The Management of the implementing agency is responsible for the preparation and fair presentation of the Project Financial Statements in accordance with the financial reporting framework described in Notes to these financial statements, and for such internal control as management determines is necessary to enable the preparation of Project Financial Statements that are free from material misstatement, whether due to fraud or error. The Management and those charged with governance are responsible for overseeing the implementing agency's financial reporting process.

Auditor's Responsibilities for the Audit of the Project Financial Statements

Our responsibility is to provide reasonable assurance about whether the Project Financial Statements are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Standards of Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Standard of Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the Project Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the Project Financial Statements, including the disclosures and whether these financial statements present the Project's operations and underlying transactions and events in a manner that achieves fair presentation in accordance with the financial reporting provisions described in Notes to the Project Financial Statements.
- communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Matter

There is no para to be mentioned therein.



Report on Other Legal and Regulatory Requirements

Non deduction of Income Tax TDS of Rs.30.85 Lakhs on advance payment to Bridcul & Payjal Nigam.

Further to our opinion on the Project Financial Statements, we further report that:

- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) in our opinion, proper books of accounts have been kept by the implementing agency for Project purposes so far as appears from our examination of those books;
- c) the Project Financial Statements dealt with by this report is in agreement with the books of accounts;
- d) the Project funds were utilized for the purposes for which they were provided;
- e) expenditures, including assets created under the Project, shown in the PFS are eligible for financing under the Project Financing Agreements;
- f) Interim Financial Reports (IFR) submitted by the Project management can be relied upon to support applications for withdrawal of the Loan, and adequate supporting documentation has been maintained to support these claims;
- g) Procurement has been generally carried out in line with the agreed procedures as detailed in the Operations Manual/Procurement Manual/Project Implementation Plan/Legal Agreements; and
- h) the Project has an adequate internal financial control system (including IT controls) and such controls were operating effectively as at March 31, 2022 and the Project generally complies with the provisions on financial management contained in the Operations Manual/ Project Implementation Plan/ Financial Management Manual, in all material aspects.

For Ansul Agrawal Co

Chartered Accountants

Firm's Registration No. 500112N



Signature

Ansul Agrawal

Partner

Membership No. 092048

Place of Signature: Dehradun

Date: 28.12.2022

UDIN: 22092048BGHZRJ9661

Uttarakhand Workforce Development Project (UKWDP)

Statement of Source and application of Funds for the F.Y 2021-2022

(Amount in INR Lakhs)

	Particulars	Total Expenditure as per books F.Y. 2021-22	Non-Claimable Expenditure F.Y. 2021-22	Net Eligible Expenditure for Claim FY 2021-22	Re-imbursable %	Re-imbursable Amount FY 2021-22
		A	B	C=(A-B)	D	E= (C x D)
	Source of Funds:					
	Opening bank balance :	6,016.28				
Add :	Amount received during the year from GoUK	8,170.00				
Add :	Interest received during the year from Bank	202.67				
Add :	EMD received	2.39				
	Total Fund available	14,391.34				
	Application of Funds :					
Com-1	Improving the quality and relevance of ITI training					
Sub	Comprehensive improvement of quality and relevance of priority ITI's	75.28	-	75.28	80%	60.22
Sub	Professional & development of ITI teachers and Staff	108.98	-	108.98	80%	87.18
Com-1.3	Strengthening industry linkage cell	-	-	-		
Sub	Institutional capacity development of the skill development systems	-	-	-		
Com-1.4	Increasing the number of skilled workers through short term training	1,860.99	-	1,860.99	80%	1,488.79
Com-2	Policy and institutional development and project management					
Sub	Technical assistance for institutional strengthening	347.33	6.31	340.99	80%	272.79
Sub	Monitoring and evaluation (M&E) and project Management	72.62	2.10	69.80	80%	55.84
	Other Payments					
	Advance to BRIDCUL & PEYJAL for civil works	6,430.99	-	6,430.99	80%	5,144.79
	Interest surrendered to State Govt. relating to F.Y 2020-21	22.88	22.88	-		
	Imprest with staff	0.20	0.20	-		
	Total funds expended (Project Expenditure)	8,919.27	31.52	8,887.75	80%	7,110.20
	Closing Bank Balance	5,472.07				



Finance Controller

Uttarakhand Workforce Development Project (UKWDP)

Statement of Claim Reconciliation as per IUFR for the F.Y 2021-2022

(Amount in INR Lakhs)

Particulars	Schedule	Current Year F.Y 2021-22	Previous Year F.Y 2020-21	Total Expenditure FY 2020-21 & FY 2021-22
Bank Funds Claimed (A)	I			
Withdrawal Claim for 1st half year as per IUFR		3,520.97	461.39	3,982.36
Withdrawal Claim for 2nd half year as per IUFR		3,622.86	941.46	4,564.32
Total bank funds claimed		7,143.83	1,402.85	8,546.68
Total expenditure as per books FY 2021-22(B)		8,919.27	1,808.74	10,728.01
Less: Ineligible Expenditure (c)	II	31.52	2.33	33.85
Less: Expenditure not claimed			52.84	52.84
Add: Expenditure excess claimed (D)	III	42.03		42.03
Total expenditure claimed in IUFR FY 2021-22 (E = B-C+D)		8,929.78	1,753.57	10,683.35
World Bank Share 80% of E		7,143.82	1,402.85	8,546.67

Note:

(I) In the F.Y 2020-21, there was short claim of Rs. 59.70 Lakh under the head "Shorty Term Training". We observed that in 13th IUFR claimed dated: 25-05-22, amount was claimed only Rs 5.9 Lakh in place of Rs 59.70 Lakh i.e. there was still short claimed Rs. 53.80 Lakh.

(II) In the F.Y 2020-21 there was excess claimed Rs 6.86 Lakh which was adjusted in the 17th claimed dated: 09-12-2022



A.K.

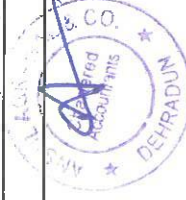
Finance Controller
Uttarakhand Workforce Development Project
SPIO Dehradun

Schedule- I : Bank Funds claimed (80% of total eligible expenditure)

						(Amount in INR Lakhs)	
Date of Claim	Claimed Period	Nature of Claim	Total Claimed Amt.	Claim related to Audit Period	Claim amount for the audit period		
15.07.21	01.01.21 to 30.06.21	T.A	162.24	01.04.21 to 30.06.21	56.93		
15.01.22	01.07.21 to 31.12.21	T.A	196.16	01.07.21 to 31.12.21	196.16		
25.05.22	01.04.21 to 31.03.22	DLI	6,731.92	01.04.21 to 31.03.22	6731.92		
03.08.22	01.01.22 to 31.07.22	T.A	402.00	01.01.22 to 31.07.22	158.73		
09.12.22	01.08.22 to 30.11.22	T.A	199.05	01.01.22 to 31.03.22	0.09		
Total			7,691.37	Total	7143.83		

Schedule- II : In-eligible Expenditure

S.No.	Particulars	(Amount in INR Lakhs)
1	Interest surrendered to the state government	22.88
2	Imprest to staff	0.20
3	Interest paid on late deposit of TDS	2.10
4	Consultancy fee paid to company in place of individual consultant where the consultant is director of the company	6.34
Total		31.52



Finance Controller
Uttarakhand Workforce Development Project
SPIO Dehradun

Schedule- III : Expenditure excess claimed in IUFR

Sr.No.	Particulars	Actual Expenditure as per books FY 2021-22	Expenditure Claimed as per IUFR FY 2021-22	(Amount in INR Lakhs)
1	Short Term Training	1,860.99	1,900.59	39.60
2	Procurement for ITI	75.28	-	-75.28
3	Advance for Civil Works BRIDCUL & PAYJAL)	6,430.99	6,514.30	83.31
4	Professional Development Program (PDP)	108.98	112.00	3.02
5	Consultancy (Net off disallow expenses)	340.99	335.59	-5.40
6	Monitoring, Evaluation (M&E) and Project Management (less disallow Exp. Interest paid on TDS)	70.52	67.30	-3.22
	Total Excess Claimed	8,887.75	8,929.78	42.03



(Signature)

(Signature)

Finance Controller
Uttarakhand Workforce Development Project
SPIO Dehradun

Uttarakhand Workforce Development Project (UKWDP) under
UTTARAKHAND SKILL DEVELOPMENT SOCIETY
26, E.C. ROAD, SURVEY CHOWK, MAHILA ITI, DEHRADUN

Significant Accounting Policies and Notes to Account for the Financial Year ended 31st March, 2022

1. Significant Accounting Policies

The significant Accounting Policies followed by the society are as stated below:

UTTARAKHAND SKILL DEVELOPMENT SOCIETY was registered in the State of Uttarakhand. The society is formed by the Uttarakhand State Government having Registration No. 326/2012-13 dated 05.02.2013 with the objective of providing skillful training to youth for generation of their employment opportunities.

a) General

The Financial Statements have been prepared on the historical cost convention. These statements have been prepared in accordance with the generally accepted accounting principles and the applicable mandatory accounting standards. The Books of Accounts of the project have been maintained on cash basis.

b) Fixed Assets

The Fixed Assets are stated at their original cost of acquisition including taxes, duties, freight and other incidental expenses relating to the acquisition and installation of the concerned assets.

c) Depreciation

Depreciation on the fixed assets has not been charged on the fixed assets .

d) Revenue Recognition

The interest and grant amount are recognized on cash basis. These amounts are transferred to income and expenditure account equivalent to the amount of expenditures incurred during the year, the unutilized grant and interest amount is liable to be returned is kept unutilized.

e) Expenditure

Expenditure are kept component wise and recognized on cash basis.

f) Employee Benefits

No remuneration has been paid to Managing Committee Members of the Society. The salary and the contribution to various statutory funds in respect of various employees are being done as per norms of the state government.

g) Investments

No corpus or fixed deposits made by the society out of the project fund.

h) Income Tax

The society has applied for exemption U/s 12AA of the Income Tax Act, 1961, however has not been granted the same despite the fact that attempts are being made to get it sooner.

2. In the opinion of the management, the current assets, loans & advances will realize a value not less than the amounts stated in the Balance Sheet, if realized in the ordinary course of Operations.



Uttarakhand Workforce Development Project (UKWDP) under
UTTARAKHAND SKILL DEVELOPMENT SOCIETY
26, E.C. ROAD, SURVEY CHOWK, MAHILA ITI, DEHRADUN

3. These financial statements incorporate the transactions of the Uttarakhand Workforce Development Project(UKWDP) financed by the international Bank for Reconstruction and Development (IBRD) under Loan IN-8877 and implemented by UTTARAKHAND SKILL DEVELOPMENT SOCIETY.
4. The balance with the ICICI Bank is a saving accounts and closing balance as on 31st March, 2022 confirmed by the respective banks.
5. Previous year's figures have been regrouped / reclassified wherever necessary to make it comparable.

FOR ANSUL AGRAWAL & CO.
CHARTERED ACCOUNTANTS



CA ANSUL AGRAWAL

Place : Dehradun
Date : 28.12.2022



FOR UTTARAKHAND SKILL DEVELOPMENT SOCIETY



AUTHORISED SIGNATORY
Finance Controller
Uttarakhand Workforce Development Project
SPIU Dehradun