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DETAILED REVIEW REPORT

MINISTRIES AND DEPARTMENTS

2.1 Ministry of Agriculture

Out of the total unresolved significant irregularities of Nu.10.030 million reported to the Parliament in May 2009, the Ministry of Agriculture had subsequently resolved irregularities amounting to Nu.8.382 million representing around 83% leaving a balance of Nu.**1.648 million** (around 17%) as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament in Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Fraud, Corruption & Embezzlement	1.088	0.455	0.633	41.82%
2	Mismanagement	0.312	0.312	-	100%
3	Violation of Laws and Rules	2.451	2.402	0.049	98%
4	Shortfalls, Lapses & Deficiencies	6.179	5.213	0.966	83.36%
	Total	10.030	8.382	1.648	83.03%

As would be evident from the above summary table, the Ministry had made significant progress in resolving the irregularities reported in the Annual Audit Report 2008. Irregularities under the category 'mismanagement' were resolved by 100%. The amounts resolved under the categories 'violation of laws and rules' and 'shortfalls, lapses and deficiencies' were Nu. 2.402 million and Nu. 5.213 million representing 98% and 83.03% respectively. In respect of cases under 'fraud, corruption and embezzlement' Nu.0.455 million representing 41.82% was resolved. Of the balance irregularities aggregating to Nu.0.633 million under this category, Nu.0.372 million (58.77%) pertaining to the National Jersey Breeding Centre, Samtse is under review by the Anti Corruption Commission.

The details status of irregularities reported to the Parliament in May 2009, irregularities resolved thereafter and remaining unresolved irregularities as on 28.02.2010 are as discussed below:

1 Fraud, Corruption and Embezzlement – Nu.1.088 million

1.1 Misappropriation of cash – Nu. 0.643 million

- a) The National Jersey Breeding Centre, Samtse had cases of misappropriation of cash of Nu. 0.427 million as under:

- Out of the cash closing balance of Nu. 0.377 million for the financial year 2006 - 2007, only Nu. 0.059 million was deposited. The balance of Nu. 0.318 million had been misappropriated by the dealing official. Subsequently, Nu. 0.020 million had been deposited to the Department of Public Accounts by the incumbent. (AIN 7499)

Status:

The case is under review by the Anti Corruption Commission.

Who are accountable?

Karma Tshewang, Accounts Asstt. III, Tashi Dhendup, Farm Manager (Supervisory)

- Further, Nu. 0.017 million was misappropriated by not accounting the recoveries made in the receipt side of the cashbook. The amount was deposited into the Audit Recoveries Account.

Status:

The para was resolved as the action was taken against the officials.

- Similarly, refunds in cash amounting to Nu. 0.052 million were not accounted in the BAS resulting into deflation of cash balance.

Status:

Nu.0.018 million was deposited into ARA leaving a balance of Nu.0.034 million. The case is under review by the Anti Corruption Commission.

Who are accountable?

Karma Tshewang, Accounts Asstt. III , Tashi Dhendup, Farm Manager (Supervisory)

- Nu. 0.040 million was misappropriated through bogus booking of remittances in the cash column of the BAS Cashbook.

Status:

The case is under review by the Anti Corruption Commission.

Who are accountable?

Karma Tshewang, Accounts Asstt. III, Tashi Dhendup, Farm Manager (supervisory)

- b) The National Warm Water Fish Culture Centre, Gelephu had a case of misappropriation of revenue of Nu. 0.216 million. Although the amount was deposited into Audit Recoveries Account no action was taken (AIN 7497)

Status:

The case has been referred to Ministry of Finance by Program Director, NWWFC, Gelephu on 21/12/09.

Who are accountable?

*Yeshey Dorji, Accountant, Neten, Asstt. Fishery Officer & Namgay Dorji,
Program Director (Supervisory)*

1.2 Missing/shortage of equipment/stores – Nu. 0.126 million

- a) The computer worth Nu. 0.049 million issued from Central Machinery Unit, Bumthang to the Regional Office, Khangma was not available. (AIN 7482)

Status:

The para was resolved as the computer was physically found.

- b) A 29” flat screen TV worth Nu. 0.031 million and a portable tent worth Nu. 0.013 million were not available for physical verification in Regional Veterinary Laboratory, Bumthang. (AIN 7391)

Status:

The management reported that the equipments have been recovered.

- c) The Jigme Singye Wangchuck National Park, Trongsa had shortages of 35 library books worth Nu. 0.033 million. (AIN 7681)

Status:

The para was resolved as the library books were substituted by other books.

1.3 Payments for works not executed – Nu. 0.101 million

- a) In the construction of flood protection wall at Deopani Khola, the Divisional Forest Office, Samtse had made payments of Nu. 0.023 million for works not executed. (AIN 7492)

Status:

The DFO, Samtse is still pursuing the matter.

Who are accountable?

*Rinzin Dorji, Accountant & Passang W. Norbu, Chief Forestry Officer
(Supervisory)*

- b) The Jigme Dorji National Park, Damji had made payments of Nu. 0.078 for works not executed. (AIN 7612)

Status:

Nu.0.078 million was deposited into the ARA and the Ministry is in the process of taking action.

Who are accountable?

Karma Gyeltshen, SE & Kinley Tshering, PM

1.4 Fictitious payments – Nu. 0.025 million

The Regional Veterinary Laboratory, Bumthang had made a fictitious payment of Nu. 0.025 million. (AIN 7391)

Status:

The management reported that the documents were traced.

1.5 Non/short accountal of funds – Nu. 0.169 million

The Renewable Natural Resources Research Centre, Yusipang had not accounted receipts of Nu. 0.169 million from sale of tender documents, farm produces and adjustment of advances. (AIN 7352)

Status:

The Ministry is following up with the RNRRC, Yusipang.

Who are accountable?

S.K. Katwal, Accountant & Dr. Lungten Norbu, Programme Director (Supervisory)

1.6 Remittances without recoveries – Nu. 0.024 million

The Bhutan Forestry Institute, Taba had remitted a sum of Nu. 0.024 million from the Letter of Credit Account into the Audit Recoveries Account to settle past audit observations which was recoverable from the individuals. No action had been taken. (AIN 7307)

Status:

Although Nu.0.024 million was deposited into ARA vide Money Receipt No.48430 dated 19.3.2009 and action is under review by the Ministry.

2 Mismanagement – Nu. 0.312 million

2.1 Non-issue and utilisation of machineries – Nu. 0.272 million

The Wang Watershed Management Project, Paro had failed to distribute the tractor procured at the cost of Nu. 0.272 million in June 2007 to designated beneficiaries. (AIN 7529/PLC)

Status:

The para was resolved as the machineries were distributed to the farming communities.

2.2 Outstanding sale proceeds – Nu. 0.040 million

The National Biodiversity Centre, Serbithang had outstanding sale proceeds of Nu. 0.040 million (AIN 7709)

Status:

The para was resolved as the amount was deposited into ARA vide Money Receipt No.66448 dated 2/4/200.

3 Violation of Laws and Rules – Nu. 2.451 million

3.1 Payment without supporting documents – Nu. 0.092 million

- a) The National Jersey Breeding Centre, Samtse had made payments of Nu. 0.026 million without adequate supporting documents. (AIN 7499)

Status:

The case is under review by the Anti Corruption Commission.

Who are accountable?

Karma Tshewang, Accounts Asstt. III, Tashi Dhendup, Farm Manager (Supervisory)

- b) The Regional Veterinary Laboratory, Bumthang had made payments of Nu. 0.023 million without adequate supporting documents. (AIN 7391)

Status:

The management reported that the documents were ready for verification.

Who are accountable?

Kezang Wangchuk, Accountant, Dr. R.B Gurung, Regional Vet. Officer

- c) The Wang Watershed Management Project, Paro had booked subsistence allowance payment of Nu. 0.043 million without requisite bills and vouchers. (AIN 7529/PLC)

Status:

The para was resolved as the original bills and vouchers were produced for verification.

3.2 Un-reconciled differences – Nu. 0.710 million

A difference of Nu.0.710 million in respect of Nu. 2.000 million borrowed by the MoA from the National Plant Protection Centre and paid to Project Facilitation Office (PFO), Khangma had remained unreconciled. (AIN 7230)

Status:

The para was resolved as difference amount of Nu.0.026 million was deposited into ARA after the reconciliation.

3.3 Non/incomplete maintenance of accounts – Nu. 1.006 million

The report on the Land Management Campaign indicated total expenditure of Nu. 6.700 million. Where as total bills received and expenditure booked amounted to Nu. 5.694 million giving rise to unreconciled difference of Nu. 1.006 million. Further, other important documents and were not furnished for verification. (AIN 7230)

Status:

The para was resolved based on the justifications furnished vide MoA/Sec/6/68 dated 20/7/2009.

3.4 Excess booking of expenditure – Nu. 0.643 million

The Department of Agriculture had booked an expenditure of Nu. 1.823 million under the Land Management Campaign based on accounts submitted by the Project Facilitation Office, Khangma. However the bills and supporting documents amounted to Nu. 1.798 million only resulting into excess booking of expenditure of Nu. 0.643 million. (AIN 7230)

Status:

The para was resolved based on the justifications furnished vide MoA/Sec/6/68 dated 20/7/2009.

3.5 Non-declaration of personal assets

12 officials of the Sakteng Wildlife Sanctuary, Phongmey had not declared their personal assets as required under the Anti-Corruption Act of Bhutan 2006 and the Bhutan Civil Service Rules & Regulations, 2006. (AIN 7469)

Status:

The para was resolved as copies of the Assets declaration made were produced.

3.6 Execution of substandard works

Physical verification of various tractor tracks constructed under Haa Dzongkhag revealed that a stretch of rocky area measuring 51metres in length and a stretch measuring 14 metres in length along the 6.1 Kilometres track to Pajaykha and Sangkari were not executed. Hume Pipes were not installed along the tracks resulting into erosions of roads at various intervals. The works executed were thus incomplete, damaged and could not be used effectively. The WWMP, Paro had provided the necessary funds. (AIN 7529/PLC)

Status:

The para was resolved based rectification carried out conveyed vide DAH/Agri-34/2009-10/4087 dated 2/2/2010

4 Shortfalls, Lapses and Deficiencies – Nu. 6.179 million

4.1 Excess payment to contractors – Nu. 0.317 million

- a) The National Jersey Breeding Centre, Samtse had made excess payments of Nu. 0.039 million to a contractor in the construction of a milch Cowshed due to payment payment made for 12mm thick M.S. flats instead of 8mm thick M.S. flats required and used. (AIN 7499)

Status:

The para was resolved as the amount was deposited into ARA vide Money Receipt No. 66745 dated 14/7/2009

- b) The Divisional Forest Office, Gedu had made excess payment of Nu. 0.043 million in the extension of reclamation walls and fencing works due to payments made in excess of quantities of works actually executed. (AIN 7526)

Status:

The management is in the process of resolving the para.

Who are accountable?

Ugyen Drukpa, AE, Sonam Tshering, Chief Forestry Officer (Supervisory)

- c) The Agriculture Machinery Centre, Paro had made excess payment of Nu. 0.038 million in the construction and electrification of Testing Laboratory. (AIN 7528)

Status:

The para was resolved as the amount was deposited into ARA vide Money Receipt No. 66411 dated 24/3/2009

- d) The Jigme Dorji National Park, Damji had made excess payment of Nu. 0.092 million in the construction of staff quarter at Damji. (AIN 7612)

Status:

The para was resolved as the amount was deposited into ARA vide Money Receipt No. 66775 dated 28/7/2009

- e) Jigme Singye Wangchuck National Park, Trongsa had made excess payment of Nu. 0.041 million in the construction of the Park Range Office. (AIN 7704)

Status:

The para was resolved as the amount was deposited into ARA vide Money Receipt No. 57725 dated 18/3/2009

- f) Jigme Singye Wangchuck National Park, Trongsa had made excess payment of Nu. 0.064 million in the construction of the staff quarters at Taksha. (AIN 7704)

Status:

The para was resolved as the amount was deposited into ARA vide Money Receipt No. 57725 dated 18/3/2009

4.2 Non-reconciliation of advances – Nu. 0.038 million

The National Jersey Breeding Centre, Samtse had understated the outstanding advances by Nu. 0.187 million. Subsequently, the management had re-casted and reported the actual understatement of Nu. 0.038 million. (AIN 7499)

Status:

The para was resolved vide review report RAA(OAAG-West)09/13238 dated 6/4/2009.

4.3 Abnormal deviation from Bill of Quantities – Nu. 0.063 million

The Divisional Forest Office, Gedu had admitted abnormal deviation ranging from +69.02% to +776.07% in some of the items of the bill of quantities in the extension of reclamation walls and fencing works with financial implication of Nu. 0.063 million. (AIN 7526)

Status:

The management is in the process of resolving the para.

4.4 Loss of revenue due to irregularities in disposal and auction – Nu. 0.094 million

The outright rejection of the highest bidder in an open auction conducted by the Divisional Forest Office, Samtse to dispose off riverbed materials such as boulders, sand, gravel, stone chips and aggregates on the ground of non-production of license despite the fact that the bidders could participate in the auction only after proper verification and approval of the Committee had cost the government Nu. 0.094 million. (AIN 7492)

Status:

The Ministry has proposed to the Ministry of Finance for write off.

Who are accountable?

T.P Jacob, Asstt. Adm. Officer, Tashi Tobgey, Asst. Director, Lt. Wangdi Gyeltshen, RBP, Passang W. Norbu, CFO, Chichi Kachen, SFO, Kinley Tshering, SFR, Pema Thinley, SFR & P.B Subba, FR

4.5 Non/short collection/deduction of house rents – Nu. 0.209 million

The Divisional Forest Office, Samtse had short deducted house rents aggregating to Nu. 0.209 million due to non-regulation of house rents as per the carpet floor area. (AIN 7492)

Status:

The para was resolved based on the justifications furnished.

4.6 Inadmissible payments – Nu. 0.070 million

The Bumdeling Wildlife Sanctuary had made inadmissible lump sum hardship allowance payment of Nu. 0.070 million to a team patrolling in the remote parts of the Sanctuary. (AIN 7552)

Status:

The para was resolved as ex-post facto approval was obtained and furnished.

4.7 Double payments – Nu. 0.056 million

The Jigme Dorji National Park, Damji had made double payments of Nu. 0.056 million in the construction of staff quarter at Damji. (AIN 7612)

Status:

The management is following up with Construction Development Board to trace out the contractor.

Who are accountable?

Sonam Thinley, DCA & Kinley Tshering, PM (Supervisory)

4.8 Missing vouchers/supporting documents – Nu. 0.434 million

- a) The Renewable Natural Resources Research Centre, Yusipang had not produced payments vouchers for Nu. 0.253 million for verification. (AIN 7352)

Status:

The para was resolved as the missing documents were produced for verification.

- b) The Department of Agriculture had not produced disbursement vouchers for Nu. 0.181 million for verification. (AIN 7230)

Status:

The para was resolved as the missing documents were produced for verification.

4.9 Non/short refund of unspent fund balances – Nu. 0.313 million

- a) The Project Facilitation Office, Khangma had refunded Nu. 0.022 million to the Department of Agriculture unspent fund balance of Nu. 0.269 million resulting into short refund of unspent fund of Land Management Campaign of Nu. 0.247 million. (AIN 7230)

Status:

The para was resolved as the refund made was produced for verification.

- b) The Wang Watershed Management Project, Paro had paid Nu. 0.066 million to Renewable Natural Resources Research Centre, Yusipang for maintenance of Hydromet Stations under four different sub-catchments. Neither the work was found executed nor the fund refunded even after the closure of the project. (AIN 7529/PLC)

Status:

The para was resolved as the amount was deposited into ARA vide Money Receipt No. 66114 dated 12/1/2008

4.10 Outstanding advances – Nu. 4.585 million

- a) The Regional Veterinary Laboratory, Bumthang had advances of Nu. 0.032 million lying outstanding against various employees. (AIN 7391)

Status:

The management is in the process of resolving through recovery on a monthly basis.

Who are accountable?

Kezang Wangchuk, Accountant, Dr. R.B Gurung, Regional Vet. Officer (Supervisory)

- b) The Renewable Natural Resources Research Centre, Yusipang had not recovered or adjusted secured advance of Nu. 0.197 million from the contractor. (AIN 7352)

Status:

The Ministry is following up with the RNRRC, Yusipang.

Who are accountable?

S.K.Katwal, Accountant and Dr. Lungten Norbu (Supervisory)

- c) The Renewable Natural Resources Research Centre, Yusipang had advances of Nu. 2.328 million lying outstanding against various officials and contractors. (AIN 7352)

Status:

Nu.2.242 million was recovered/adjusted leaving a balance of Nu.0.086 million.

Who are accountable?

S.K Katwal, Accountant, Dr. Lungten Norbu, Programme Director (Supervisory)

- d) The Divisional Forest Office, Bumthang had outstanding amount of Nu. 0.262 million from a contractor whose contract for construction of Divisional Forest Office had been terminated due to the delay in the progress of the work. (AIN 7544)

Status:

The para remained unresolved.

Who are accountable?

Puran Chettri, JE, and Ratu Wangchuk, CFO (Supervisory)

- e) The Department of Agriculture had advances of Nu. 0.811 million lying outstanding against various officials on account of Land Management Campaign (AIN 7230)

Status:

The para was resolved as the amounts were either recovered or adjusted

- f) The Department of Agriculture had advances of Nu. 0.837 million lying outstanding against various officials. (AIN 7230)

Status:

Nu.0.752 million was recovered leaving a balance of Nu.0.085 million.

Who are accountable?

Sonam Wangdi, Dy. Secretary (Supervisory)

- g) The Rural Enterprise Development Programme had advances of Nu. 0.070 million lying outstanding against various officials. (AIN 7371/PLC)

Status:

The para was resolved as the amount was deposited into ARA vide Money Receipt No. 72019 dated 12/10/2009

- h) The Jigme Dorji National Park, Damji had advances of Nu. 0.048 million lying outstanding against various parties. (AIN 7612)

Status:

The para remained unresolved.

Who are accountable?

Sonam Thinley, DCA & Kinley Tshering, PM (Supervisory)

6.2 Ministry of Education

Out of the total unresolved significant irregularities of Nu.1.615 million reported to the Parliament in May 2009, the Ministry of Education had resolved irregularities amounting to Nu.1.556 million (around 96%) leaving a balance of Nu.**0.059 million** (around 4%) only as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament in Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Violation of Laws and Rules	0.594	0.594	-	100%
2	Shortfall, Lapses & Deficiencies	1.021	0.962	0.059	94.22%

	Total	1.615	1.556	0.059	96.34%
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Thus the progress made by the Ministry of Education in resolving the irregularities reported in the Annual Audit Report 2008 was commendable. The Ministry had resolved irregularities by 100% and 94.22% under the categories 'violation of laws and rules' and 'shortfall, lapses and deficiencies'.

The details status of irregularities reported to the Parliament in May 2009, irregularities resolved thereafter and remaining unresolved irregularities as on 28.02.2010 are as discussed below:

1 Violation of Laws and Rules – Nu. 0.594 million

1.1 Non-production of documents

- a) The Ministry did not produce comparative statements and tender evaluation report relating to procurement and installation of computers and accessories worth Nu. 5.094 million. (AIN 7401)

Status:

The para was resolved as the documents were produced for verification.

- b) The Procurement Section of the Ministry and the Central Stores, Phuentsholing did not provide original bids, bid comparative statements and bid evaluation reports pertaining to procurements involving Nu. 39.500 million. (AIN 7585)

Status:

The para was resolved as the documents were produced for verification.

1.2 Non-levy of liquidated damages – Nu. 0.499 million

- a) The Ministry had not levied liquidated damages of Nu. 0.049 million for the delay in supply and installation of fuel efficient stoves in some of the schools. (AIN 7267)

Status:

The para was resolved based on the justifications received vide No.MoE/AFD/Audit-08/09/042 dated 5/10/09.

- b) The Ministry had not levied liquidated damages of Nu. 0.379 million for the delay in the supply of furniture. (AIN 7401)

Status:

The para was resolved based on the justifications furnished by the Ministry.

- c) The Ministry had not levied liquidated damages of Nu. 0.071 million for the delay in the supply and installation of computers and accessories. (AIN 7401)

Status:

The para was resolved as the amount was deposited into ARA vide Money Receipt.No.72050 dated 15/10/09

1.3 Booking of advances as expenditure – Nu. 0.095 million

The Ministry had booked advances of Nu. 0.095 million as expenditure. (AIN 7401)

Status:

The para was resolved based on the justifications furnished by the Ministry.

2 Shortfalls, Lapses & Deficiencies – Nu. 1.021 million

2.1 Inadmissible payments – Nu. 0.189 million

- a) The Ministry had made inadmissible mileage payments of Nu. 0.037 million to various officials attending the 2nd Leadership Training for Youths. (AIN 7365)

Status:

The para was resolved as the inadmissible payments were deposited into ARA by the individual concerned.

- b) The Ministry had made inadmissible payment of subsistence allowances, porter and pony charges and mileages of Nu. 0.095 million to various teachers. (AIN 7401)

Status:

Nu.0.093 million was deposited into ARA leaving a balance of Nu.0.002 million.

Who are accountable?

Tashi Tshering, Accountant, Karma Yeshey, CO & Lobzang Dorji, CO.

- c) The Ministry had paid 45% allowance on the basic pay to two officials despite merger of allowance since July 2006 resulting in to inadmissible payment of Nu. 0.057 million. (Para No. 7.3, AIN 7401)

Status:

The para remained unresolved.

Who are accountable?

Tashi Tshering, Accountant

2.2 Excess payments – Nu. 0.067 million

The Ministry had made excess payment of Nu. 0.067 million on account of charges for the preparation of estimates for the construction of electricity sub-station at Tendru Higher Secondary School. (AIN 7401)

Status:

The para was resolved as the cheque for Nu.0.067 million issued was found cancelled afterwards.

2.3 Short and non-receipt of goods – Nu. 0.720 million

The Education Central Store, Phuentsholing had cases of short supplies and cases where the receipts of goods were not acknowledged by the recipient schools amounting to Nu. 0.720 million. (AIN 7586)

Status:

The para was resolved as the amounts were either recovered or adjusted based on the acknowledgement challans produced.

2.4 Inadequate monitoring, supervision and coordination in procurement and distribution of school material

The audit of operations of the revolving fund of the Education Central Store, Phuentsholing showed inadequacy in monitoring, supervision and coordination of procurement and distribution of school curriculum materials resulting in significant at all stages including finalisation of procurement, delivery of goods, distribution and acknowledgement of receipts from schools. Unless a proper system is instituted by the Ministry in consultation with the Ministry of Finance, such lapses would continue to occur. (AIN 7586)

Status:

The para was resolved based on the institution of proper system in delivering the goods.

2.5 Outstanding advances – Nu. 0.045 million

The Ministry had advances of Nu. 0.045 million lying outstanding against various officials. (AIN 7267)

Status:

The para was resolved as the advances were adjusted fully.

6.3 Ministry of Finance

Out of the total unresolved significant irregularities of Nu.1.101 million reported to the Parliament in May 2009, the Ministry of Finance had resolved irregularities amounting to Nu.0.858 million (around 78%) leaving a balance of Nu.**0.243 million** (around 22%) as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament in Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Mismanagement	0.999	0.756	0.243	75.68%
2	Shortfalls, Lapses & Deficiencies	0.102	0.102	-	100%
	Total	1.101	0.858	0.243	77.92%

As would be evident from the above summary table, the Ministry had fully resolved the irregularities under the category ‘shortfall, lapses and deficiencies’ and 75.68% irregularities under the ‘mismanagement’ category.

The details status of irregularities reported to the Parliament in May 2009, irregularities resolved thereafter and remaining unresolved irregularities as on 28.02.2010 are as discussed below:

1 Mismanagement – Nu. 0.999 million

1.1 Outstanding taxes – Nu. 0.999 million

- a) The Regional Revenue & Customs Office, Samtse had outstanding Business Income Tax and Corporate Income Tax of Nu. 0.756 million from various business units. (Para 8, AIN 7500)

Status:

The para was resolved vide Review Report RAA/OAAG(West)/2009/13647 dated 05/05/2009.

- b) The Regional Revenue & Customs Office, Phuentsholing had outstanding Business Income Tax of Nu. 0.243 million from a business unit. (Para 2.5, AIN 7467)

Status:

The management is still pursuing the matter with the business unit.

Who are accountable?

Namgay Wangchuk, Dy. Commissioner & Ugyen Namgyel, Regional Commissioner.

2 Shortfalls, Lapses & Deficiencies – Nu. 0.102 million

2.1 Inadmissible payments – Nu. 0.102 million

The Liaison and Transit Office, Kolkata had made inadmissible payments of daily subsistence allowances of Nu. 0.102 million to its officials while on duty at the Airport. (Para 1, AIN 7301)

Status:

The para was resolved as the inadmissible payments were written off by the Ministry of Finance vide No.MoF/ADM-2/2009-10/8367 dated 07/09/2009.

2.4 Ministry of Foreign Affairs

Out of the total unresolved significant irregularities of Nu.6.165 million reported to the Parliament in May 2009, the Ministry of Foreign Affairs had resolved irregularities amounting to Nu.4.285 million only (around 70%) leaving a balance of Nu.**1.880 million** (around 30%) as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament in Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Fraud, Corruption & Embezzlement	0.293	0.293	-	100%
2	Shortfalls, Lapses & Deficiencies	5.872	3.992	1.880	67.98%
	Total	6.165	4.285	1.880	69.50%

The above summary table shows that the Ministry of Foreign Affairs had fully recovered the amounts under the category 'fraud, corruption and embezzlement' category and resolved 67.98% of irregularities under the category 'shortfalls, lapses and deficiencies'.

The details status of irregularities reported to the Parliament in May 2009, irregularities resolved thereafter and remaining unresolved irregularities as on 28.02.2010 are as discussed below:

1 Fraud, Corruption & Embezzlement – Nu. 0.293 million

1.1 Cash shortages – Nu. 0.293 million

- a) The Royal Bhutanese Embassy, Bangkok, Thailand had a case of cash shortages of USD 761.93 equivalent to Nu. 0.035 million (at Nu. 46 for 1 USD). Subsequently, an amount of USD 111.93 was deposited into Audit Recoveries Accounts. No other action was taken for the shortage of cash. (Para 1.1, AIN 7597)

Status:

Although US\$ 111.93 was deposited and remaining amount adjusted, yet no action was taken for cash shortages

Who are accountable?

Sonam Leki, Accounts Officer.

- b) The Royal Bhutanese Embassy, Bangkok, Thailand had a case of cash shortages of Thai Baht 0.185 million equivalent to Nu. 0.258 million (at Nu. 46 and Thai Baht 33 for 1 USD). Subsequently, the amount was deposited. No other action had been taken. (Para 1.2, AIN 7597)

Status:

No action was taken for cash shortages.

Who are accountable?

Sonam Leki, Accounts Officer.

2 Shortfalls, Lapses & Deficiencies – Nu. 5.872 million

2.1 Outstanding advances – Nu. 5.872 million

- a) The Permanent Mission of the Kingdom of Bhutan to the United Nations, New York had advances of USD equivalent to Nu. 3.986 million lying outstanding against various individuals, employees, Ministries and Agencies. (AIN 7308)

Status:

Nu.2.682 million was recovered/adjusted leaving a balance of Nu.1.304 million.

- b) The Royal Bhutanese Embassy, Bangkok, Thailand had advances of USD 0.041 million equivalent to Nu. 1.886 million (at Nu. 46 for 1 USD) lying outstanding against various parties. (AIN 7597)

Status:

Nu.1.310 million was recovered/adjusted leaving a balance of Nu.0.576 million.

2.5 Ministry of Health

Out of the total unresolved significant irregularities of Nu.0.854 million reported to the Parliament in May 2009, the Ministry of Health had resolved irregularities amounting to Nu.0.725 million only (around 85%) leaving a balance of Nu.**0.129 million** (around 15%) as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament in Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Fraud, Corruption & Embezzlement	0.134	0.134	-	100%
2	Shortfalls, Lapses & Deficiencies	0.720	0.591	0.129	82.08%
	Total	0.854	0.725	0.129	84.89%

The above summary table shows that the Ministry of Health had fully resolved the irregularity under the category ‘fraud, corruption and embezzlement’ and also resolved 82.08% irregularities under the category ‘shortfalls, lapses and deficiencies’. The details status of irregularities reported to the Parliament in May 2009, irregularities resolved thereafter and remaining unresolved irregularities as on 28.02.2010 are as discussed below:

1 Fraud, Corruption & Embezzlement – Nu. 0.134 million

1.1 Payments for items provided other than those specified - Nu. 0.134 million

A contractor had provided two plastic tanks with capacity of 10,000 litres each instead of 75,000 litres each for which Nu. 0.155 million was paid resulting into over payment of Nu. 0.134 million. No action had been taken. (Para 1.4, AIN 7618)

Status:

The para was resolved as the amount was deposited to ARA vide Money Receipt No. 72375 dated 11/2/2010 and action taken against the incumbent.

2 Shortfalls, Lapses & Deficiencies – Nu. 0.720 million

2.1 Excess payment to contractors – Nu. 0.074 million

The Health Infrastructure Development Project, Department of Medical Services had made excess payments of Nu. 0.074 million in the construction of 50 bedded hospital at Phuentsholing due to erroneous measurement of TMT bars. (AIN 7618)

Status:

The para was resolved as the amount was deposited into ARA vide Money Receipt No. 72375 dated 11/2/2010.

2.2 Irregular payment to contractor – Nu. 0.197 million

The Health Infrastructure Development Project, Department of Medical Services had allowed 5% wastages for steel and timber on the final quantity for payment of cost escalation involving Nu. 0.197 million in violation of the Contract Document and the decisions of the Pre-bid Meeting. (AIN 7618)

Status:

The para was resolved as the amount was deposited to ARA vide Money Receipt No. 72375 dated 11/2/2010.

2.3 Outstanding advances – Nu. 0.449 million

- a) The Ministry had advances of Nu. 0.335 million lying outstanding against various officials and parties. (AIN 7306)

Status:

Nu.0.289 million was recovered/adjusted leaving a balance of Nu.0.046 million.

Who are accountable?

Norchen Tshering, MoH, Dr.Tashi Choden & Dr. Nidup.

- b) In the construction of 350 bedded Hospital at Thimphu and 150 bedded Hospital at Mongar, the Project had overdue advances of Nu. 0.083 million lying outstanding against the contractors. (AIN 7582)

Status:

The Ministry is following up with the contractor and the officials concerned.

Who are accountable?

N. Sreekumar, Finance Manager,

- c) The Rural Water Supply Scheme and Sanitation Programme, Phase II had advances of Nu. 0.031 million lying outstanding against various Dzongdas. (AIN 7626/PLC)

Status:

The para was resolved based on the adjustment vouchers produced.

2.6 Ministry of Home & Cultural Affairs

Out of the total unresolved significant irregularities of Nu.0.739 million reported to the Parliament in May 2009, the Ministry of Home and Cultural Affairs had resolved irregularities amounting to Nu.0.323 million only (around 44%) leaving a balance of Nu.**0.416 million** (around 56%) as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament in Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Shortfalls, Lapses &	0.739	0.323	0.416	43.71%

	Deficiencies				
	Total	0.739	0.323	0.416	43.71%

The above summary table shows that the Ministry of Home and Cultural Affairs had resolved only 43.71% of the irregularities.

The details status of irregularities reported to the Parliament in May 2009, irregularities resolved thereafter and remaining unresolved irregularities as on 28.02.2010 are as discussed below:

1 Shortfalls, Lapses & Deficiencies – Nu. 0.739 million

1.1 Excess payments – Nu. 0.078 million

The Ministry had made excess payment of Nu. 0.078 million to a catering firm through inflation of the number of participants. (AIN 7251/PLC)

Status:

The para was resolved as the amount was deposited into Audit Recoveries Account vide Money Receipt No. 66622 dated. 05/06/2009.

1.2 Outstanding advances – Nu. 0.661 million

- a) The Department of Culture had advances of Nu. 0.040 million lying outstanding against various officials. (AIN 7318)

Status:

The para was resolved fully as the advances were either recovered or adjusted.

- b) The Ministry had advances of Nu. 0.621 million lying outstanding against various officials. (AIN 7251)

Status:

Nu. 0.205 million was liquidated leaving a balance of Nu. 0.416 million.

Who are accountable?

Nob Tshering, Head, AFD (Supervisory)

2.7 Ministry of Information & Communications

Out of the total unresolved significant irregularities of Nu.1.368 million reported to the Parliament in May 2009, the Ministry of Information and Communications had resolved irregularities amounting to Nu.1.095 million only (around 80%) leaving a balance of Nu.**0.273 million** (around 20%) as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament in Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Mismanagement	0.925	0.799	0.126	86.37%
2	Shortfalls, Lapses & Deficiencies	0.443	0.296	0.147	66.81%

	Total	1.368	1.095	0.273	80.04%
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As would be evident from the above summary table, the Ministry of Information and Communications had resolved 86.37% and 66.81% of irregularities under the categories 'mismanagement' and 'shortfalls, lapses and deficiencies' respectively.

The details status of irregularities reported to the Parliament in May 2009, irregularities resolved thereafter and remaining unresolved irregularities as on 28.02.2010 are as discussed below:

1 Mismanagement – Nu. 0.925 million

1.1 Overdue taxes and revenue – Nu. 0.872 million

- a) The Regional Transport Office, Thimphu had overdue taxes and revenue of Nu. 0.126 million collectible on account of rental charges. (AIN 7607)

Status:

The RAA did not receive any response.

- b) The Regional Transport Office, Phuentsholing had overdue taxes and fees of Nu. 0.498 million on account of annual renewal fees. (AIN 7461)

Status:

The para was resolved based on the justifications furnished.

- c) The Regional Transport Office, Samdrupjongkhar had overdue taxes and fees of Nu. 0.248 million on account of annual renewal fees. (AIN 7461)

Status:

The para was resolved based on the write-off accorded by the Ministry.

1.2 Non-realisation of fines and penalties – Nu. 0.053 million

The Regional Transport Office, Thimphu had not realised fines and penalties of Nu. 0.053 million from various traffic violators. (AIN 7607)

Status:

The para was resolved as the fines and penalties were recovered.

2 Shortfalls, Lapses & Deficiencies – Nu. 0.443 million

2.1 Excess payment to contractors – Nu. 0.263 million

The Ministry had made excess payment of Nu. 0.263 million in the construction of approach road to Tsirang Monitoring Station due to non-deduction of payments made in the 1st running bill. (AIN 7642)

Status:

Nu.0.160 million was deposited into ARA leaving a balance of Nu.0.103 million.

2.2 Outstanding advances – Nu. 0.180 million

The Ministry had advances of Nu. 0.180 million lying outstanding against various officials. (AIN 7642)

Status:

Nu.0.136 million was adjusted/deposited leaving a balance of Nu.0.044 million.

2.8 Ministry of Labour and Human Resources

Out of the total unresolved significant irregularities of Nu.2.470 million reported to the Parliament in May 2009, the Ministry of Labour and Human Resources had resolved one observation without any monetary value leaving a balance of Nu.**2.470 million** as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament in Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Fraud, Corruption & Embezzlement	0.109	-	0.109	0%
2	Violation of Laws and Rules	0.120	-	0.120	0%
3	Shortfalls, Lapses & Deficiencies	2.241	-	2.241	0%
	Total	2.470	-	2.470	0%

As would be evident from the above summary table, the Ministry of Labour and Human Resources had not resolved any of the irregularities. The RAA noted that actions in some cases were taken against those responsible.

The details status of irregularities reported to the Parliament in May 2009, irregularities resolved thereafter and remaining unresolved irregularities as on 28.02.2010 are as discussed below:

1 Fraud, Corruption & Embezzlement – Nu. 0.109 million

1.1 Embezzlements of funds through forgery – Nu. 0.109 million

In the Department of Human Resources the stipend disbursement for trainees under Apprentice Training Program for a particular month amounting to Nu. 0.109 million was processed twice and one of the cheques was fraudulently withdrawn by the accountant. Neither recoveries of forged amounts were made nor actions had been taken. (Para, 1.1, AIN 7542)

Status:

The incumbent was terminated from the service. The amount remained unrecovered.

Who are accountable?

Tenzin Dorji, Accounts Assistant

2 Violation of Laws and Rules – Nu. 0.120 million

2.1 Execution of substandard works

In respect of construction of basketball court and footpath at the Vocational Training Institute, Bumthang executed by the Basic Skills Development Project costing Nu. 0.790 million. Plasters were found cracked and damaged within few months. (AIN 7562/PLC)

Status:

The para was resolved based on the rectification report furnished.

2.2 Non-levy of liquidated damages – Nu. 0.120 million

The Basic Skills Development Project had not levied liquidated damages of Nu. 0.120 million for the delay in the supply of materials. (AIN 7562)

Status:

The para remained unresolved.

Who are accountable?

Phuntsho Wangmo, Project Manager & Samten Wangdi, Accountant

3 Shortfalls, Lapses & Deficiencies – Nu. 2.241 million

3.1 Excess payment to suppliers/contractors – Nu. 2.241 million

The Basic Skills Development Project had made excess payment of Nu. 2.241 million to the contractor in the river bank protection work at Vocational Training Institute, Ranjung due to flawed measurements. (Para 1.2, AIN 7562/PLC)

Status:

The para remained unresolved as the Project Manager is under suspension and the Accountant has been imprisoned due to some other crimes.

Who are accountable?

Samten Wangdi, Accountant & Phuntsho Wangmo, Project Manager

2.9 Ministry of Works & Human Settlement

Out of the total unresolved significant irregularities of Nu.5.894 million reported to the Parliament in May 2009, the Ministry of Works and Human Settlement had resolved irregularities by 100% as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament in Nu	Amount settled in Nu	Balance as on 15/12/2009 in Nu	% resolved
1	Violation of Laws and Rules	2.216	2.216	-	100%
2	Shortfalls, Lapses & Deficiencies	3.678	3.678	-	100%
	Total	5.894	5.894	-	100%

As would be evident from the above summary table, the Ministry of Works and Human settlement had resolved the irregularities in both the categories by 100%.

The details status of irregularities reported to the Parliament in May 2009, irregularities resolved thereafter and status of irregularities as on 28.02.2010 are as discussed below:

1 Violation of Laws and Rules – Nu. 2.216 million

1.1 Non-achievement of value for money – Nu. 2.108 million

There were abnormal deviations which were as high as 158% involving Nu. 5.267million in the work awarded to a consultant for the preparation of design, drawing and bill of quantities for renovation and remodelling of banquet hall at a cost of Nu. 2.108 million by the Department of Urban Development & Engineering Services. . Such instances were indicative of incorrect or improper assessment of bill of quantities. (Para 2.1 of AIN 7360)

Status:

The para was resolved as the penalty was imposed and deposited into ARA vide Money Receipt No.72066 dated 16/07/2009.

1.2 Non-levy/deduction of liquidated damages/penalties – Nu. 0.050 million

The City Corporation, Phuentsholing had not levied penalties amounting to Nu. 0.050 million for delay in the deposit of monthly rents of the leased land and coffee house. (Para No. 7 of AIN 7421)

Status:

The para was resolved as the liquidated damages/penalties were deposited into Audit Recoveries Account vide Money Receipt No.66981 dated 02/10/2009.

1.3 Non-rectification of defective works – Nu. 0.058 million

Joint physical verification of the works executed in respect of the resurfacing of Wakleytar - Wangdue highway awarded by the Field Road Maintenance Division, Lobesa on contract at a price of Nu. 0.324 million revealed defective works valuing Nu. 0.058 million. (Para No. 7, AIN 7631)

Status:

The para was resolved as the defective works were rectified and verified by the RAA vide No. IR(82)2009/725 dated 07/04/2009.

2. Shortfalls, Lapses & Deficiencies – Nu. 3.678 million

2.1 Outstanding advances – Nu. 3.678 million

- a) The Department of Urban Development and Engineering Services had advances of Nu. 0.043 million lying outstanding against various officials. (Para 1, AIN 7360)

Status:

The para was resolved as the amounts were either recovered or liquidated.

- b) The Department of Urban Development and Engineering Services had Public Works advances of Nu. 0.099 million lying outstanding against various officials. (Para 3, AIN 7360)

Status:

The para was resolved as the amount was either recovered or liquidated.

- c) The Field Road Maintenance Division, Phuntsholing had advances of Nu. 1.226million lying outstanding against various officials and contractors. (Para 3.1 of AIN 7351)

Status:

The para was resolved as the amounts were either recovered or liquidated.

- d) The National Housing Development Corporation had advances of Nu. 0.049 million lying outstanding against various officials and parties. (Para 2.2 of AIN 7638)

Status:

The para was resolved as the amounts were either liquidated or written off by the Ministry.

- e) The Field Division, Trongsa had advances of Nu. 2.095 million lying outstanding against various parties. (Para 6, AIN 7647)

Status:

The para was resolved as the advances were fully liquidated.

- f) The Thimphu City Corporation had advances of Nu. 0.166 million lying outstanding against various employees and suppliers. (Para 4.1, AIN 7221)

Status:

The para was resolved as the advances were either recovered or liquidated.

DZONGKHAG ADMINISTRATIONS

2.10 Dzongkhag Administration, Bumthang

Out of the total unresolved significant irregularities of Nu.11.437 million reported to the Parliament in May 2009, the position remained unchanged as no responses were received from the Dzongkhag Administration, Bumthang. The position of irregularities as on 28.02.2010 is as summarized below:

Sl. No	Category	Amount reported to the Parliament in Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Shortfalls, Lapses & Deficiencies	11.437	-	11.437	0%
	Total	11.437	-	11.437	0%

The details of status of irregularities reported to the Parliament in May 2009, and unresolved irregularities as on 28.02.2010 are as discussed below:

1. Shortfalls, Lapses and Deficiencies – Nu. 11.437 million

1.1 Outstanding advances - Nu. 11.437 million

The Dzongkhag had advances of Nu. 11.437 million outstanding against various employees, suppliers and contractors. (AIN 7504)

Status:

The RAA did not receive any response.

Who are accountable?

Wangchuk, AO & Pema Jungney, Dzongrab

2.11 Dzongkhag Administration, Chukha

Out of the total unresolved significant irregularities of Nu.4.025 million reported to the Parliament in May 2009, the Dzongkhag Administration, Chukha had resolved irregularities amounting to Nu.3.055 million only (around 76%) leaving a balance of Nu.**0.970 million** (around 24%) as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament in Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Violation of Laws and Rules	0.207	-	0.207	0%
2	Shortfalls, Lapses & Deficiencies	3.818	3.055	0.763	80.01%
	Total	4.025	3.055	0.970	75.90%

As shown in the summary table above, the Dzongkhag had resolved 80.01% irregularities under the category ‘shortfalls, lapses and deficiencies’. In respect of violation of laws and rules, the issue is under review by the Dzongkhag and the RAA.

The details of status of irregularities reported to the Parliament in May 2009, irregularities resolved thereafter and remaining unresolved irregularities as on 28.02.2010 are as discussed below:

1. Violation of Laws and Rules – Nu. 0.207 million

1.1 Abnormal delay in completion of works – Nu. 0.207 million

The completion of the construction of Paga farm road was delayed by more than 6 months even after the grant of time extension of one month. The 10% liquidated damages amounting to Nu. 0.207 million was not recovered. (AIN 7262)

Status:

The case is under review by the Chukha Dzongkhag and the RAA.

Who are accountable?

Phuntsho Dorji, AE, J.N Pradhan, DE & Pema Wangdi, Dzongrab

2. Shortfalls, Lapses and Deficiencies – Nu. 3.818 million

2.1 Excess payment to employees – Nu. 0.137 million

The General Hospital, Phuentsholing had made excess payment of travelling and subsistence allowance of Nu. 0.137 million due to non-administration of allowances as per the entitlements, payment of mileage without owning cars and payment of other inadmissible daily subsistence allowances. (AIN 7262)

Status:

Nu. 0.106 million was recovered/liquidated leaving a balance of Nu. 0.031 million.

Who are accountable?

T.B Rana, & Pema Wangdi, Dzongrab (Supervisory)

2.2 Outstanding advances – Nu. 3.681 million

The Dzongkhag had advances of Nu. 3.681 million lying outstanding against various employees and contractors. (AIN 7262)

Status:

Nu. 2.949 million was recovered/liquidated leaving a balance of Nu. 0.732 million.

Who are accountable?

Pema Wangdi, Dzongrab & Tshewang Namgay, AFO (Supervisory)

2.12 Dzongkhag Administration, Dagana

Out of the total unresolved significant irregularities of Nu.0.608 million reported to the Parliament in May 2009, the Dzongkhag Administration, Dagana had resolved irregularities amounting to Nu.0.493 million (around 81%) leaving a balance of Nu.**0.115 million** (around 19%) only as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament in Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Fraud, Corruption & Embezzlement	0.028	0.028	-	100%
2	Violation of Laws, Rules and Regulations	0.042	0.042	-	100%
3	Shortfalls, Lapses & Deficiencies	0.538	0.423	0.115	78.62%
	Total	0.608	0.493	0.115	81.08%

As would be evident from the above summary table, the Dzongkhag had resolved irregularities by 100% under the categories 'fraud, corruption and embezzlement' and 'violation of laws, rules and regulations' and resolved 78.62% under the category 'shortfalls, lapses and deficiencies'.

The details status of irregularities reported to the Parliament in May 2009, irregularities resolved thereafter and remaining unresolved irregularities as on 28.02.2010 are as discussed below:

1 Fraud, Corruption and Embezzlement – Nu. 0.028 million

1.1 Double payment of salary - Nu. 0.028 million

The Dzongkhag had paid double salary amounting to Nu. 0.028 million to two non-formal education teachers for the period July to October 2006. Neither amount was recovered nor action taken against the official responsible for the lapses. (Para 1.7, AIN 7372)

Status:

The para was resolved as the salary was confirmed to have been paid to another non formal education teacher having same name.

2. Violation of Laws and Rules – Nu. 0.042 million

2.1 Payment without supporting documents – Nu. 0.042 million

The Dzongkhag had paid travelling and daily subsistence allowance of Nu. 0.042 million without obtaining proper bills and supporting documents. (Para 2.4, AIN 7372)

Status:

The para was resolved based on the justifications furnished.

3. Shortfalls, Lapses and Deficiencies – Nu. 0.538 million

3.1 Excess payments to contractors – Nu. 0.049 million

The Dzongkhag had made excess payment of Nu. 0.049 million in the construction of the retaining wall at the new guest house due to payment for quantities in excess of actual quantities of work executed. (AIN 7372)

Status:

The para was resolved as the amount was deposited into ARA vide Money Receipt No.66715 dated 6/7/2009.

3.2 Outstanding advances – Nu. 0.489 million

The Dzongkhag had advances of Nu. 0.489 million lying outstanding against various employees, suppliers and contractors. (AIN 7372)

Status:

Nu.0.374 million recovered/liquidated leaving a balance of Nu.0.115 million.

2.13 Dzongkhag Administration, Lhuentse

Out of the total unresolved significant irregularities of Nu.1.086 million reported to the Parliament in May 2009, the Dzongkhag Administration, Lhuentse had resolved irregularities by 100% as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament in Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Fraud, Corruption & Embezzlement	0.047	0.047	-	100%
2	Violation of Laws and Rules	0.094	0.094	-	100%
3	Shortfalls, Lapses & Deficiencies	0.945	0.945	-	100%
	Total	1.086	1.086	-	100%

As would be evident from the above summary table, the Dzongkhag had resolved irregularities in all the three categories by 100%.

The details of status of irregularities reported to the Parliament in May 2009, irregularities resolved thereafter and the status of irregularities as on 28.02.2010 are as discussed below:

1 Fraud, Corruption and Embezzlement – Nu. 0.047 million

1.1 Payment for materials not received - Nu. 0.047 million

The Dzongkhag had paid Nu. 0.047 million to a contractor on account of supply of sand and aggregates without receiving the materials. Subsequently, the materials were received but no action was taken. (AIN 7274)

Status:

The para was resolved as the action taken against the official was furnished.

2. Violation of Laws and Rules – Nu. 0.094 million

2.1 Non-adjustment of advances from the running bills – Nu. 0.094 million

The Dzongkhag had failed to adjust or recover the secured advance of Nu. 0.094 million from the bills of the contractor. (Para 3.1, AIN 7274)

Status:

The para was resolved as the amount was deposited into ARA vide Money Receipt No.55737 dated 14/4/2009.

3. Shortfalls, Lapses and Deficiencies – Nu. 0.945 million

3.1 Non-refund of advances - Nu. 0.034 million

The Dzongkhag had paid Nu. 0.055 million from the LC account as *semsos* to two of its staff on the understanding of recovering from their salaries. However, only Nu. 0.021 million had been recouped leaving a balance of Nu. 0.034 million. (AIN 7274)

Status:

The para was resolved as the amount was recovered vide letter No.LD/RAA/Accts-15/08-09/3186 dated 13/2/2009.

3.2 Outstanding advances - Nu. 0.911 million

The Dzongkhag had advances of Nu.0.911 million lying outstanding against various employees and contractors.

Status:

The para was resolved as the advances were fully liquidated.

2.14 Dzongkhag Administration, Mongar

Out of the total unresolved significant irregularities of Nu.0.311 million reported to the Parliament in May 2009, the Dzongkhag Administration, Mongar had resolved irregularities amounting to Nu.0.140 million only (around 45%) leaving a balance of Nu.**0.171 million** (around 55%) as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament in Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Fraud, Corruption & Embezzlement	0.027	0.027	-	100%
2	Mismanagement	0.046	0.003	0.043	6.52%
3	Shortfall, Lapses & Deficiencies	0.238	0.110	0.128	46.21%
	Total	0.311	0.140	0.171	45.01%

As would be evident from the above summary table, the Dzongkhag had resolved 100% of irregularity under the category 'fraud, corruption and embezzlement'. However, irregularities resolved under the categories 'mismanagement' and 'shortfalls, lapses & deficiencies' were 6.52% and 46.21%

The details of status of irregularities reported to the Parliament in May 2009, irregularities resolved thereafter and remaining unresolved irregularities as on 28.02.2010 are as discussed below:

1 Fraud, Corruption and Embezzlement – Nu. 0.027 million

1.1 Payment of claims at higher rates than the quoted rates – Nu. 0.027 million

The Dzongkhag had made excess payment of Nu. 0.027 million due to payment at higher rates than the quoted rates in the supply of chemicals for the science laboratories of two schools. No action had been taken. (Para 4.3, AIN 7309)

Status:

The para was resolved as the amount was deposited into ARA vide Money Receipt No.66834 dated 13/8/2009.

2 Mismanagement – Nu. 0.046 million

2.1 Outstanding municipal taxes – Nu. 0.046 million

The Dzongkhag had municipal taxes of Nu. 0.046 million lying outstanding against various individuals as on 31st December 2006. (AIN 7309)

Status:

Nu.0.003 million was recovered leaving a balance of Nu.0.043 million

Who are accountable?

Tashi Norbu Sherpa, AE & Tashi Dargay, Dzongrab Gom

3 Shortfalls, Lapses and Deficiencies – Nu. 0.238 million

3.1 Non-forfeiture of earnest money – Nu. 0.110 million

In the tender of construction of Basic Health Unit II at Narang, the Dzongkhag had not forfeited the earnest money of Nu. 0.110 million upon failure by the lowest evaluated bidder to execute the work. (AIN 7309)

Status:

The para was resolved as the amount was deposited into ARA vide Money Receipt No.57744 dated 27/4/2009

3.2 Missing documents - Nu. 0.128 million

Muster rolls for Nu. 0.128 million pertaining to Kengkhar-Jurmey drinking water supply construction were not made available for verification. (AIN 7309)

Status:

The Administration has not produced documents for verifications.

Who are accountable?

Chador Phuntsho, AE & Kanjur Tshering, AO.

2.15 Dzongkhag Administration, Pemagatshel

Out of the total unresolved significant irregularities of Nu.8.037 million reported to the Parliament in May 2009, the Dzongkhag Administration, Pemagatshel had resolved irregularities amounting to Nu.0.962 million only (around 12%) leaving a balance of Nu.**0.7.345 million** (around 88%) as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament in Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Fraud, Corruption and Embezzlement	0.488	0.488	-	100%
2	Shortfalls, Lapses & Deficiencies	7.819	0.474	7.345	6.06%
	Total	8.307	0.962	7.345	11.58%

As would be evident from the above summary table, the Dzongkhag had resolved 100% of irregularity under the category 'fraud, corruption and embezzlement'. However, irregularities resolved under the category 'shortfalls, lapses and deficiencies' was only 6.06%.

The details status of irregularities reported to the Parliament in May 2009, irregularities resolved thereafter and remaining unresolved irregularities as on 28.02.2010 are as discussed below:

1 Fraud, Corruption and Embezzlement – Nu. 0.488 million

1.1 Payment for goods not received - Nu. 0.138 million

- a) In the supply of bunk beds to various Schools in Pemagatshel, the Dzongkhag had made payments of Nu. 0.111 million without receiving the goods. (AIN 7732)

Status:

The para was resolved as the goods were received and action taken against the officials.

- b) The Dzongkhag had booked an expenditure of Nu. 0.027 million for purchase of piglets from the farm without receiving it. (AIN 7732)

Status:

The para was resolved based on the justifications furnished.

1.2 Short Receipt of books – Nu. 0.350 million

Textbooks and libraries aggregating to Nu. 0.350 million were not received in 6 schools. No action had been taken. (AIN 7732)

Status:

The para was resolved as the goods were received and action taken against the officials.

2. Shortfalls, Lapses and Deficiencies – Nu. 7.819 million

2.1 Excess payment to contractors – Nu. 0.155 million

- a) The Dzongkhag had made excess payment of Nu. 0.113 million in the construction of 32-bedded Boys Hostel at Tshebar Lower Secondary School due to difference in the actual quantities of works executed and the quantities paid for. (AIN 7732)

Status:

The para was resolved based on the justifications furnished.

- b) Similarly, the Dzongkhag had made excess payment of Nu. 0.042 million in the construction of 32 bedded Girls Hostel at Tshebar Lower Secondary School. (AIN 7732)

Status:

The para was resolved based on the justifications furnished.

2.2 Outstanding advances – Nu. 7.664 million

The Dzongkhag had advances of Nu. 7.664 million lying outstanding against various employees, suppliers and contractors. (AIN 7732)

Status:

Nu.0.319 million was recovered/liquidated leaving a balance of Nu.7.345 million.

2.16 Dzongkhag Administration, Samdrupjongkhar

Out of the total unresolved significant irregularities of Nu.7.761 million reported to the Parliament in May 2009, the Dzongkhag Administration, Samdrupjongkhar had resolved irregularities amounting to Nu.6.700 million only (around 86%) leaving a balance of Nu.1.061 million (around 14%) as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament in Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Shortfalls, Lapses & Deficiencies	7.761	6.700	1.061	86.32%
	Total	7.761	6.700	1.061	86.32%

As would be evident from the above summary table, the Dzongkhag had resolved 86.32% of the irregularities under the category ‘shortfalls, lapses & deficiencies’.

The details of status of irregularities reported to the Parliament in May 2009, irregularities resolved thereafter and remaining unresolved irregularities as on 28.02.2010 are as discussed below:

1 Shortfalls, Lapses and Deficiencies – Nu. 7.761 million

1.1 Outstanding advances - Nu. 7.761 million

The Dzongkhag had advances of Nu. 7.761 million lying outstanding against various employees, suppliers and contractors. (AIN 7277)

Status:

Nu.6.700 million recovered/liquidated leaving a balance of Nu. 1.061 million. The balance amount is expected to be recovered from the running bills as the activities are still ongoing.

Who are accountable?

Kezang Jamtsho, AAO & Sangay Dorji, Dzongda (Supervisory)

2.17 Dzongkhag Administration, Samtse

Out of the total unresolved significant irregularities of Nu.1.962 million reported to the Parliament in May 2009, the Dzongkhag Administration, Samtse had resolved irregularities amounting to Nu.1.827 million (around 93%) leaving a balance of Nu.**0.135 million** (around 7%) only as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament in Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Fraud, Corruption & Embezzlement	0.040	0.040	-	100%
2	Violation of Laws & Rules	-	-	-	100%
3	Shortfalls, Lapses & Deficiencies	1.922	1.787	0.135	92.97%
	Total	1.962	1.827	0.135	93.11%

As would be evident from the above summary table, the Dzongkhag had resolved 100% of irregularities under the category 'violation of laws and rules'. It had recovered 100% of the amounts under the category 'fraud, corruption and embezzlement', however one of the two cases remained unresolved as no action was taken. The Dzongkhag had also resolved 92.97% of the irregularities under the category 'shortfalls, lapses & deficiencies'.

The details of status of irregularities reported to the Parliament in May 2009, irregularities resolved thereafter and remaining unresolved irregularities as on 28.02.2010 are as discussed below:

1 Fraud, Corruption and Embezzlement – Nu. 0.040 million

1.1 False claims of rural life insurance - Nu. 0.010 million

The Dzongkhag had made payment of rural life insurance claim of Nu. 0.010 million against a deceased person who was not enlisted in the census record. Subsequently, the amount was deposited into Audit Recoveries Account but no action was taken against the officials. (AIN 7226)

Status:

The para was resolved based on the justifications furnished.

1.2 Intentional double claims – Nu. 0.030 million

The Dzongkhag had paid life insurance claims of Nu. 0.030 million against three persons in 2006 – 2007 who had already been paid in the previous year. Subsequently, the amount was deposited into Audit Recoveries Account but no action was taken against the officials responsible for the lapses. (AIN 7226)

Status:

No action was taken for double claims of life insurance.

Who are accountable?

Kinzang Wangchuk, Revenue Accountant and Dorji, Laharene Gup.

2 Violation of Laws and Rules

2.1 Non-maintenance of records

The Dzongkhag had not maintained the measurement book in the works of construction of ventilated improved pit toilets in Samtse Primary School. . The amount paid to the contractor was Nu. 0.194 million against his quoted amount of Nu. 0.120 million. (Para 9, AIN 7226)

Status:

The para was resolved based on the site verification conducted jointly by the Administration and the auditors.

3 Shortfalls, Lapses and Deficiencies – Nu. 1.922 million

3.1 Excess payment to employees – Nu. 0.057million

The Dzongkhag had made excess payment of Nu. 0.057 million to an employee due to error in pay fixation. (AIN 7226)

Status:

The para was resolved as the amount was fully liquidated.

3.2 Outstanding advances – Nu. 1.865 million

The Dzongkhag had advances of Nu. 1.865 million lying outstanding against various employees, suppliers and contractors. (AIN 7226)

Status:

Nu.1.730 million was recovered/liquidated leaving a balance of Nu. 0.135 million. The balance amount is also featuring in AIN 7950.

Who are accountable?

Tshewang Dorji, AO (Supervisory)

2.18 Dzongkhag Administration, Trashiyangtse

Out of the total unresolved significant irregularities of Nu.3.158 million reported to the Parliament in May 2009, the Dzongkhag Administration, Trashiyangtse had resolved irregularities amounting to Nu.2.753 million (around 87%) leaving a balance of Nu.**0.405 million** (around 13%) as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament in Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Fraud, Corruption & Embezzlement	0.636	0.571	0.065	89.77%
2	Mismanagement	2.176	1.873	0.303	86.07%
3	Shortfall, Lapses & Deficiencies	0.346	0.309	0.037	89.30%

	Total	3.158	2.753	0.405	87.17%
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As would be evident from the above summary table, the Dzongkhag had resolved 89.77%, 86.07% and 89.30% of irregularities respectively in all the three categories.

The details of status of irregularities reported to the Parliament in May 2009, irregularities resolved thereafter and remaining unresolved irregularities as on 28.02.2010 are as discussed below:

1 Fraud, Corruption and Embezzlement – Nu. 0.636 million

1.1 Payment for works not executed – Nu. 0.065 million

The Dzongkhag had made payment of Nu. 0.065 million to a forest ranger for plantation works at Therzangri water source which was not carried out. The work was carried out subsequently after the pointing out the lapses by the audit. The Dzongkhag Forestry Sector assured of taking administrative actions against the defaulter. (AIN 7721)

Status:

The Dzongkhag has not furnished the action taken against the defaulters.

Who are accountable?

Sangla, Extension Forest Ranger & Phuntsho Tobgay, Forestry Officer

1.2 Payment for goods not received – Nu. 0.571 million

The Dzongkhag had made payment of Nu. 0.571 million to various suppliers without receiving the goods. The payments were apparently made to avoid lapse of funds at the closure of the fiscal year. (AIN 7721)

Status:

The para was resolved based on Review Report vide RAA/OAAG-TY-D/Kha(AR-03)2009/1074 dated 5/2/09.

2 Mismanagement – Nu. 2.176 million

2.1 Non-collection of urban land costs - Nu. 0.546 million

The Dzongkhag had allotted urban lands sometime in December 2007 but cost of land amounting to Nu. 0.546 million were pending collections from various landowners. (AIN 7721)

Status:

Nu.0.242 million was recovered and deposited into RGR Account leaving a balance of Nu.0.303 million

Who are accountable?

Jigme Tshering, AE & Chhoeda Jamtsho, Dzongrab (supervisory)

2.2 Non-deposit of sale proceeds - Nu. 0.031 million

Proceeds of Nu. 0.031 million realized on account of sale of items procured for National Day Celebration and Constitutional Meeting were not deposited into the Dzongkhag Revenue Account. (AIN 7721)

Status:

The para was resolved based review report vide RAA/OAAG-TY-D/Kha(AR-03)2009/1074 dated 5/2/09.

2.3 Retention of huge fund balances at the closure of the financial year - Nu. 1.599 million

The final bill payment of Nu. 1.599 million was booked as expenditure in respect of reconstruction of Dechenphodrang Lhakhang without completion of work. . The amount was withdrawn in the form of cash warrant to avoid the lapse of funds at the closure of the financial year. (AIN 7721)

Status:

The para was resolved based review report vide RAA/OAAG-TY-D/Kha(AR-03)2009/1074 dated 5/2/09.

3 Shortfalls, Lapses and Deficiencies – Nu. 0.346 million

3.1 Outstanding advances – Nu. 0.346 million

The Dzongkhag had advances of Nu. 0.346 million lying outstanding against various officials. (AIN 7721)

Status:

Nu. 0.309 million was recovered/liquidated leaving a balance of Nu.0.037 million.

Who are accountable?

Namgyel Dorji, AO (Supervisory)

2.19 Dzongkhag Administration, Trongsa

Out of the total unresolved significant irregularities of Nu.5.509 million reported to the Parliament in May 2009, the Dzongkhag Administration, Trongsa had resolved irregularities by 100% as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament in Nu	Amount settled in Nu	Balance as on 28/02/2010in Nu	% resolved
1	Violation of Laws, Rules and Regulations	0.449	0.449	-	100%
2	Shortfall, Lapses & deficiencies	5.060	5.060	-	100%
	Total	5.509	5.509	-	100%

The details of irregularities reported to the Parliament in May 2009, irregularities resolved thereafter and status of irregularities as on 28.02.2010 are as discussed below:

1 Violation of Laws and Rules – Nu. 0.449 million

1.1 Non-levy of liquidated damages – Nu. 0.449 million

The Dzongkhag had not levied liquidated damages of Nu. 0.449 million to a contractor for the delay in the completion of the construction of Samchling Middle Secondary School. (Para 2.1, AIN 7485)

Status:

The para was resolved based on the justifications furnished.

2 Shortfalls, Lapses and Deficiencies – Nu. 5.060 million

2.1 Outstanding advances – Nu. 5.060 million

a) The Dzongkhag had advances of Nu. 0.264 million lying outstanding against various employees and contractors. (Para 3.4 AIN 7485)

Status:

The para was resolved as the advances were fully liquidated.

b) The Ta-Dzong renovation project had advances of Nu. 4.796 million lying outstanding against various individuals. (Para 2.1, AIN 7554)

Status:

The para was resolved as the advances were fully liquidated.

6.20 Dzongkhag Administration, Tsirang

Out of the total unresolved significant irregularities of Nu.15.268 million reported to the Parliament in May 2009, the Dzongkhag Administration, Tsirang had resolved irregularities amounting to Nu.15.224 million (around 100 %) leaving a balance of Nu.**0.044 million** as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament in Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Fraud, Corruption & Embezzlement	5.812	5.812	-	100%
2	Mismanagement	8.824	8.824	-	100%
3	Shortfall, Lapses & Deficiencies	0.632	0.588	0.044	93.03%
	Total	15.268	15.224	0.044	99.71%

As would be evident from the above summary table, the Dzongkhag had resolved irregularities by 100% under the category ‘mismanagement’ and 93.03% under the category ‘shortfall, lapses & deficiencies’. As regards to ‘fraud, corruption and embezzlement’ cases, though 100% of the amounts were recovered, issues under paras 1.1 and 1.2 reflected remained unresolved as the cases are under review by Anti Corruption Commission.

The details status of irregularities reported to the Parliament in May 2009, irregularities resolved thereafter and remaining unresolved irregularities as on 28.02.2010 are as discussed below:

1 Fraud, Corruption and Embezzlement – Nu. 5.812 million

1.1 Misuse of revenue - Nu. 0.751 million

Against the revenue collection of Nu. 1.827 million for the period from August 2006 to January 2008, only Nu. 1.076 million was deposited into Government Revenue Account. The short deposit of Nu. 0.751 million was found misused by the dealing Revenue Assistant. Subsequently, the entire amount had been deposited into Audit Recoveries Account and the case is being investigated by the Anti-Corruption Commission. (AIN 7426)

Status:

The case is under review by the Office of the Anti Corruption Commission.

Who are accountable?

Gyeltshen, Revenue Assistant & Tshewang Jigme, Administrative officer

1.2 Non-accountal of revenue - Nu. 0.022 million

The Revenue of Nu. 0.022 million was not accounted in the cashbook. The unaccounted revenue was found misused by the official concerned. Subsequently, the entire amount had been deposited into Audit Recoveries Account and the case is being investigated by the Anti-Corruption Commission. (AIN 7426)

Status:

The case is under review by the Office of the Anti Corruption Commission

Who are accountable?

Gyeltshen, Revenue Assistant & Tshewang Jigme, Administrative officer

1.3 Inadmissible payments due to incorrect bid evaluations - Nu. 4.962 million

The Construction of Mendrelgang Middle Secondary School Phase-I was awarded at a tendered amount of Nu. 34.250 million. The contractor had offered a discount of 8% but the discount offered was added to the total amount resulting into inadmissible payment of Nu. 4.962 million. (AIN 7426)

Status:

The para was resolved as per the letter of Attorney General vide OAG/PLD/398 dated 14/10/2008.

1.4 Payment for work not executed -Nu. 0.077 million

In the construction of BHU- Gr II and the staff quarter at Patala and the construction of principal quarter at Damphu Higher Secondary School, the Dzongkhag had made payments of Nu. 0.077 million for works not executed. Subsequently, the amount was deposited into Audit Recoveries Account. No action had been taken. (AIN 7426)

Status:

The para was resolved as the action taken was intimated vide letter No.TD/Engg-14/08-09/837 dated 21/6/2009

2 Mismanagement – Nu. 8.824 million

2.1 Retention of huge fund balances at the closure of financial year - Nu. 8.824 million (Para 4.1)

The Dzongkhag had booked an expenditure of Nu. 8.824 million based on the 4th running bill of the contractor in the construction of Mendrelgang Middle Secondary School, Phase II without executing the work apparently to avoid lapse of budget at the close of the fiscal year. (Para 4.1, AIN 7426)

Status:

The para was resolved as per the review report No.IR(01)09/182 dated 2/9/2009

3 Shortfalls, Lapses and Deficiencies – Nu. 0.632 million

3.1 Outstanding advances - Nu. 0. 632 million

The Dzongkhag had advances of Nu. 0.632 million lying outstanding against various officials, contractors and suppliers. (Para 6.1, AIN 7426)

Status:

Nu.0.588 million was recovered/liquidated leaving a balance of Nu.0.044 million.

Who are accountable?

Lekey Tshering, AO & Lhendup Wangchu, Dzongda (Supervisory)

2.21 Dzongkhag Administration, Wangduephodrang

Out of the total unresolved significant irregularities of Nu.0.099 million reported to the Parliament in May 2009, the Dzongkhag Administration, Wangduephodrang had resolved irregularities amounting to Nu.0.045 million only (around 45%) leaving a balance of Nu.**0.054 million** (55%) as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament in Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Shortfalls, Lapses & Deficiencies	0.099	0.045	0.054	45.45%
	Total	0.099	0.045	0.054	45.45%

As would be evident from the above summary table, the Dzongkhag resolved 45.45% of the irregularities reported under the ‘category shortfalls, lapses & deficiencies’.

The details status of irregularities reported to the Parliament in May 2009, irregularities resolved thereafter and remaining unresolved irregularities as on 28.02.2010 are as discussed below:

1 Shortfalls, Lapses and Deficiencies – Nu. 0.099 million

1.1 Excess payment to suppliers - Nu. 0.051 million

The Dzongkhag had made excess payments of Nu. 0.051 million by awarding supply contracts to bidders other than the lowest evaluated bidders and due to not regulating the payments as per the agreed rates. (AIN 7490)

Status:

Nu. 0.018 million was recovered/liquidated leaving a balance of Nu. 0.033 million.

Who are accountable?

Ugyen Dorji, LRO, Dorji Wangdi, Store Officer, Phub Tshering, Former Dzongda & Sangay Wangchuk, Dzongrab(Supervisory)

1.2 Excess payment to employees - Nu. 0.048 million

The Dzongkhag had made excess payment of Nu. 0.048 million and under payment of Nu. 0.039 million to various employees due to errors in pay fixation. (AIN 7490)

Status:

Nu.0.027 million was recovered leaving a balance of Nu.0.021 million.

Who are accountable?

Sonam Dorji, HRO & Sangay Wangchuk, Dzongrab (Supervisory)

2.22 Dzongkhag Administration, Zhemgang

Out of the total unresolved significant irregularities of Nu.3.636 million reported to the Parliament in May 2009, the Dzongkhag Administration, Zhemgang had resolved irregularities amounting to Nu.3.563 million (around 98%) leaving a balance of Nu.**0.073 million** (2%) as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament in Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Fraud, Corruption & Embezzlement	0.160	0.160	-	100%
2	Shortfall, Lapses & Deficiencies	3.476	3.403	0.073	97.89%
	Total	3.636	3.563	0.073	97.99%

As would be evident from the above summary table, the Dzongkhag had resolved 100% of the irregularities under the category 'fraud, corruption and embezzlement' and around 98% under the category 'shortfalls, lapses & deficiencies'.

The details status of irregularities reported to the Parliament in May 2009, irregularities resolved thereafter and remaining unresolved irregularities as on 28.02.2010 are as discussed below:

1 Fraud, Corruption and Embezzlement – Nu. 0.160 million

1.1 Payment for materials not received - Nu. 0.160 million

The Dzongkhag had made payment of Nu. 0.160 million to a supplier on account of procurement of 745 bags of cement without receiving it. No action had been taken. (Para 1.1, AIN 7344)

Status:

The para was resolved as the materials were received and utilised for the irrigation channel and action taken against the site engineer.

2 Shortfalls, Lapses and Deficiencies – Nu. 3.476 million

2.1 Excess payment to contractors - Nu. 0.042 million

The Dzongkhag had made excess payment of Nu. 0.042 million to a contractor in the construction of Livestock Extension Centre at Kaktong due to payment for quantities in excess of actual quantities of works executed. (AIN 7344)

Status:

The para was resolved as the amount was deposited into ARA vide Money Receipt No.57744 dated 27/4/2009

2.2 Outstanding advances - Nu. 3.434 million

The Dzongkhag had advances of Nu. 3.434 million lying outstanding against various employees and suppliers. (AIN 7344)

Status:

Nu.3.403 million was adjusted/recovered leaving a balance of Nu.0.073 million. The balance amount of Nu. 0.073 million is featuring in AIN 7862.

Who are accountable?

Tshewang Tobgyel, Dzongrab & Til Bdr. Ghalley, AO (Supervisory)

GEWOG ADMINISTRATIONS

2.23 Gewogs under Chukha Dzongkhag

Geling Gewog

Out of the total unresolved significant irregularities of Nu.0.050 million reported to the Parliament in May 2009, status remained unchanged as no responses were received from the Gewog Administration, Geling as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament in Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Mismanagement	0.050	-	0.050	0%
	Total	0.050	-	0.050	0%

The details status of irregularities reported to the Parliament in May 2009 and status of irregularities as on 28.02.2010 are as discussed below:

1. Mismanagement – Nu. 0.050 million

1.1 Non-collection of rural taxes - Nu. 0.050 million

Rural taxes amounting to Nu. 0.050 million were pending collection from various tax payers. (Para 1, AIN 7283)

Status:

The RAA did not receive any response.

Who are accountable?

Nima, Gup & Pema Wangdi, Dzongrab

Getana Gewog

Out of the total unresolved significant irregularities of Nu.0.167 million reported to the Parliament in May 2009, status remained unchanged as no responses were received from the Gewog Administration, Getana as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament in Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Violation of Laws and Rules	0.067	-	0.067	0%
2	Shortfalls, Lapses & Deficiencies	0.100	-	0.100	0%
	Total	0.167	-	0.167	0%

The details status of irregularities reported to the Parliament in May 2009 and status of irregularities as on 28.02.2010 are as discussed below:

1 Violation of Laws and Rules – Nu. 0.067 million

1.1 Improper evaluation of tender – Nu. 0.067 million

The inappropriate evaluation of the tenders for the construction of the Gup's Office had resulted into award of works to bidder other than the lowest bidder resulting into avoidable financial burden of Nu. 0.067 million. (Para 1.1, AIN 7284)

Status:

The RAA did not receive any response.

Who are accountable?

Tashi Dukpa, AE, Pema Wangdi, Dzongrab & J.N Pradhan, DE

2 Shortfalls, Lapses and Deficiencies – Nu.0.100 million

2.1 Excess payment to contractor – Nu. 0.100 million

In the construction of the Gup's Office, the administration had made excess payment of Nu. 0.100 million to the contractor due to payment for quantities in excess of actual quantities of work executed. (Para 1.2, AIN 7284)

Status:

The RAA did not receive any response.

Who are accountable?

Tashi Dukpa, AE, Pema Wangdi, Dzongrab & J.N Pradhan, DE

Phuentsholing Gewog

Out of the total unresolved significant irregularities of Nu.0.050 million reported to the Parliament in May 2009, the Gewog Administration, Phuentsholing had resolved irregularities by 100% as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament in Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Fraud, Corruption & Embezzlement	0.050	0.050	-	100%
	Total	0.050	0.050	-	100%

The details status of irregularities reported to the Parliament in May 2009, irregularities resolved thereafter and the status of irregularities as on 28.02.2010 are as discussed below:

1 Fraud, Corruption & Embezzlement – Nu. 0.050 million

1.1 Payments for materials not supplied – Nu. 0.050 million

In the construction of the rural water supply, the Administration had made payments of Nu. 0.050 million without receiving the materials. (Para 2.2, AIN 7287)

Status:

The para was resolved based on the justifications furnished vide Ref No.Kha-11/(22)/2009-10/60 dated 30/7/2009.

Sampheling Gewog

Out of the total unresolved significant irregularities of Nu.0.167 million reported to the Parliament in May 2009, the Gewog Administration, Sampheling had resolved irregularities by 100% as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament in Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Fraud, Corruption & Embezzlement	0.167	0.167	-	100%
	Total	0.167	0.167	-	100%

The details status of irregularities reported to the Parliament in May 2009, irregularities resolved thereafter and status of irregularities as on 28.02.2010 are as discussed below:

1. Fraud, Corruption & Embezzlement – Nu. 0.167 million

1.1 Payments for materials not received – Nu. 0.167 million

The administration had made payments of Nu. 0.167 million to suppliers without receiving the materials. (Para 1.2, AIN 7288)

Status:

The para was resolved based on the justifications provided vide Ref.No.Kha-1/34/2008-10/574 dated 30/7/2009.

2.24 Gewogs under Dagana Dzongkhag

Drujegang Gewog

Out of the total unresolved significant irregularities of Nu.0.041 million reported to the Parliament in May 2009, the status of irregularities remained unchanged as no responses were provided by the Gewog Administration, Drujegang as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament in Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Violation of Laws & Rules	0.041	-	0.041	0%
	Total	0.041	-	0.041	0%

The details status of irregularities reported to the Parliament in May 2009, and status of irregularities as on 28.02.2010 are as discussed below:

1 Violation of Laws & Rules – Nu. 0.041 million

1.1 Non-deposit of liquidated damages – Nu. 0.041 million

The liquidated damages of Nu. 0.041 million recovered on account of the delay in the construction of the Gup’s Office was not deposited. (Para 1.1, AIN 7382)

Status:

The RAA did not receive any response.

Who are accountable?

Tsheltrim Dema, Gewog Accountant and Pema, Dzongrab (Supervisory)

Khebisa Gewog

Out of the total unresolved significant irregularities of Nu.0.026 million reported to the Parliament in May 2009, the status of irregularities remained unchanged as no responses were provided by the Gewog Administration, Khebisa as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament in Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Fraud, Corruption & Embezzlement	0.026	-	0.026	0%
	Total	0.026	-	0.026	0%

The details status of irregularities reported to the Parliament in May 2009, and status of irregularities as on 28.02.2010 are as discussed below:

1. Fraud, Corruption & Embezzlement – Nu. 0.026 million

1.1 Non accountal of taxes – Nu. 0.026 million

The rural tax collections of Nu. 0.026 million was not accounted in the books of Accounts. (Para 1.1, AIN 7383)

Status:

The RAA did not receive any response.

Who is accountable?

Karma Tshering, Gup

Lajab Gewog

Out of the total unresolved significant irregularities of Nu.0.024 million reported to the Parliament in May 2009, the status of irregularities remained unchanged as no responses were provided by the Gewog Administration, Lajab as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Fraud, Corruption & Embezzlement	0.024	-	0.024	0%
	Total	0.024	-	0.024	0%

The details status of irregularities reported to the Parliament in May 2009, and status of irregularities as on 28.02.2010 are as discussed below:

1. Fraud, Corruption & Embezzlement – Nu. 0.024 million

1.1 Payment for works not executed – Nu. 0.024 million

Muster Roll payments of Nu. 0.024 million on account of construction of rural water supplies were shown to have been disbursed without actually executing the works. (Para 1.2, AIN 7380)

Status:

The RAA did not receive any response.

Who is accountable?

Gyembo, Gup

Lhamoi Zingkha Gewog

Out of the total unresolved significant irregularities of Nu.0.043 million reported to the Parliament in May 2009, the Gewog Administration, Lhamoizingkha had resolved irregularities by 100% as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament in Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Violation of Laws and Rules	0.043	0.043	-	100%
	Total	0.043	0.043	-	100%

The details status of irregularities reported to the Parliament in May 2009, irregularities resolved thereafter and status of irregularities as on 28.02.2010 are as discussed below:

1. Violation of Laws and Rules – Nu. 0.043 million

1.1 Short recovery of liquidated damages – Nu. 0.043 million

Out of the liquidated damages of Nu. 0.103 million applicable in the construction of the Gup's Office, the administration had levied and recovered only Nu. 0.060 million leaving a balance of Nu. 0.043 million. (Para 1.1, AIN 7379)

Status:

The para was resolved vide Review Report No. IR(05)G13/2009/821 dated 8.3.2010

2.25 Gewogs under Lhuentse Dzongkhag

Kurtoe Gewog

Out of the total unresolved significant irregularities of Nu.0.052 million reported to the Parliament in May 2009, the Gewog Administration, Kurtoe had resolved irregularities by 100% as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Mismanagement	0.052	0.052	-	100%
	Total	0.052	0.052	-	100%

The details status of irregularities reported to the Parliament in May 2009, irregularities resolved thereafter and status of irregularities as on 28.02.2010 is as discussed below:

1 Mismanagement – Nu. 0.052 million

1.1 Unauthorised issue of materials – Nu. 0.052 million

The Administration had issued 320 bags of cement amounting to Nu. 0.052 million to a contractor on returnable basis. Neither the cement nor its cost was recovered. (AIN 7292, Para 1.2)

Status:

The para was resolved as the materials were received and utilized for the construction of Wamdrang Bridge.

2.26 Gewogs under Mongar Dzongkhag

Gongdue Gewog

Out of the total unresolved significant irregularities of Nu.0.606 million reported to the Parliament in May 2009, the Gewog Administration, Gongdue had resolved irregularities by 100% as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament in Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Fraud, Corruption & Embezzlement	0.606	0.606	-	100%
	Total	0.606	0.606	-	100%

The details status of irregularities reported to the Parliament in May 2009, irregularities resolved thereafter and status of irregularities as on 28.02.2010 are as discussed below:

1. Fraud, Corruption & Embezzlement – Nu. 0.606 million

1.1 Misuse of rural taxes – Nu. 0.016 million

Rural Tax collections amounting to Nu. 0.016 million was not handed over to the present Gup by the outgoing Gup. Subsequently, the amount was deposited but no action was taken against the official. (AIN 7322, Para 1.1)

Status:

The para was resolved based on the justifications submitted vide letter No. Mong-GONG/045/2009-2010/1187 dated 2.2.2010.

1.2 Payments for works not completed – Nu. 0.590 million

The Administration had booked an expenditure of Nu. 0.590 million without completing the works of renovation of Damkhar Irrigation Channel and the construction of Kitchen cum store. Although the work was later completed, no action was taken against the officials. (AIN 7322, Para 1.2)

Status:

The para was resolved as the action taken was intimated vide letter No. MD/DES-07(B)2008-09/940 dated 19/3/08.

Silambi Gewog

Out of the total unresolved significant irregularities of Nu.0.299 million reported to the Parliament in May 2009, the Gewog Administration, Silambi had resolved irregularities by 100% as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament in Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Fraud, Corruption & Embezzlement	0.299	0.299	-	100%
	Total	0.299	0.299	-	100%

The details status of irregularities reported to the Parliament in May 2009, irregularities resolved thereafter and status of irregularities as on 28.02.2010 are as discussed below:

1 Fraud, Corruption & Embezzlement – Nu. 0.299 million

1.1 Payments for works not executed – Nu. 0.299 million

The Administration had made Muster Roll payments of Nu. 0.299 million on account of the construction of rural water supply without executing the works. Subsequently, the work was executed but no action was taken against the official. (AIN 7328, Para 1.3)

Status:

The para was resolved based on the court verdict.

Tsamang Gewog

Out of the total unresolved significant irregularities of Nu.0.050 million reported to the Parliament in May 2009, the status of irregularities remained unchanged as no

responses were provided by the Gewog Administration, Tsamang. The status of irregularities as on 28.02.2010 is as summarized below:

Sl. No	Category	Amount reported to the Parliament in Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Fraud, Corruption & Embezzlement	0.514	-	0.514	0%
	Total	0.514	-	0.514	0%

The details status of irregularities reported to the Parliament in May 2009 and status of irregularities as on 28.02.2010 are as discussed below:

1 Fraud, Corruption & Embezzlement – Nu. 0.514 million

1.1 Payment for works not executed – Nu. 0.514 million

The Administration had paid 75% secured advances amounting to Nu. 0.308 million and the 1st running bill of Nu. 0.206 million without even finalising the site for the construction of the Gup's Office. (Para 1.1, AIN 7327)

Status:

The RAA did not receive any response.

Who are accountable?

Yeshi Thinley, Gup & Rinchen Dorji, Engineer

2.27 Gewogs under Samtse Dzongkhag

Chengmari Gewog

Out of the total unresolved significant irregularities of Nu.0.047 million reported to the Parliament in May 2009, the status of irregularities remained unchanged as no responses were provided by the Gewog Administration, Chengmari as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament in Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Fraud, Corruption & Embezzlement	0.047	-	0.047	0%
	Total	0.047	-	0.047	0%

The details status of irregularities reported to the Parliament in May 2009 and status of irregularities as on 28.02.2010 are as discussed below:

1 Fraud, Corruption & Embezzlement – Nu. 0.047 million

1.1 Misuse of rural taxes – Nu. 0.047 million

Rural tax collection of Nu. 0.047 million were found misused by the dealing officials for which no action had been taken. (Para 1.3, AIN 7238)

Status:

The RAA did not receive any response.

Who are accountable?

Meena Thapa, Gup & P.S Suba, Gewog Clerk

Dungtse Gewog

Out of the total unresolved significant irregularities of Nu.0.027 million reported to the Parliament in May 2009, the Gewog Administration, Dungtse had resolved irregularities amounting to Nu.0.017 million (around 63%) leaving a balance of **Nu.0.010 million** (37%) as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament in Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Fraud, Corruption & Embezzlement	0.027	0.017	0.010	62.96%
	Total	0.027	0.017	0.010	62.96%

The details status of irregularities reported to the Parliament in May 2009, irregularities resolved thereafter and remaining unresolved irregularities as on 28.02.2010 are as discussed below:

1 Fraud, Corruption & Embezzlement – Nu. 0.027 million

1.1 Misuse of funds – Nu. 0.027 million

The former Gup and Geydrung had misused Gewog funds of Nu. 0.027 million by not depositing the collections and recoveries into Gewog Current Deposit Account. No action had been taken. (Para 2, AIN 7242)

Status:

Nu. 0.017 million was deposited into ARA leaving a balance of Nu. 0.010 million.

Who are accountable?

Dhan Bdr. Limbu, Former Gup & Chitraman Rai, Former Gewog Clerk

2.28 Gewogs under Trongsa Dzongkhag

Dragteng Gewog

Out of the total unresolved significant irregularities of Nu.0.050 million reported to the Parliament in May 2009, the Gewog Administration, Dragteng had resolved irregularities by 100% as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Violation of Laws, Rules and Regulations	0.050	0.050	-	100%

	Total	0.050	0.050	-	100%
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The details status of irregularities reported to the Parliament in May 2009, irregularities resolved thereafter and status of irregularities as on 28.02.2010 are as discussed below:

1. Violation of Laws and Rules – Nu. 0.050 million

1.1 Payment without supporting documents – Nu. 0.050 million

The supporting documents and vouchers for disbursements of Nu. 0.050 million were not available on record. (Para 1.1, AIN 7516)

Status:

The para was resolved as the supporting documents were produced for verification.

Langthel Gewog

Out of the total unresolved significant irregularities of Nu.0.896 million reported to the Parliament in May 2009, the Gewog Administration, Langthel had resolved irregularities by 100% as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament in Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Violation of Laws, Rules and Regulations	0.896	0.896	-	100%
	Total	0.896	0.896	-	100%

The details status of irregularities reported to the Parliament in May 2009, irregularities resolved thereafter and status of irregularities as on 28.02.2010 are as discussed below:

1. Violation of Laws and Rules – Nu. 0.896 million

1.1 Payment without supporting documents – Nu. 0.896 million

The supporting documents and vouchers for disbursements of Nu. 0.896 million were not available on record. (Para 1.1, AIN 7519)

Status:

The para was resolved as the supporting documents were produced for verification.

Tangsibji Gewog

Out of the total unresolved significant irregularities of Nu.0.812 million reported to the Parliament in May 2009, the Gewog Administration, Tangsibji had resolved irregularities by 100% as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament in Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Violation of Laws, Rules and Regulations	0.812	0.812	-	100%
	Total	0.812	0.812	-	100%

The details status of irregularities reported to the Parliament in May 2009, irregularities resolved thereafter and status of irregularities as on 28.02.2010 are as discussed below:

1. Violation of Laws and Rules – Nu. 0.812 million

1.1 Payment without supporting documents – Nu. 0.812 million

The supporting documents and vouchers for disbursements of Nu. 0.812 million were not available on record. (Para 1.1, AIN 7520)

Status:

The para was resolved as the supporting documents were produced for verification.

2.29 Gewogs under Tsirang Dzongkhag

Barshong Gewog

Out of the total unresolved significant irregularities of Nu.0.011 million reported to the Parliament in May 2009, the Gewog Administration, Barshong had resolved irregularities by 100% as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament in Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Fraud, Corruption & Embezzlement	0.011	0.011	-	100%
	Total	0.011	0.011	-	100%

The details status of irregularities reported to the Parliament in May 2009, irregularities resolved thereafter and status of irregularities as on 28.02.2010 are as discussed below:

1 Fraud, Corruption & Embezzlement – Nu. 0.011 million

1.1 Payments for goods not received – Nu. 0.011 million

The Administration had made payments of Nu. 0.011 million to suppliers without receiving the goods. (Para 2, AIN 7432)

Status:

The para was resolved based on the justifications submitted vide letter No. BS/Audit-39/2009-10/146 of 02/03/2010.

Kikhorthang Gewog

Out of the total unresolved significant irregularities of Nu.0.049 million reported to the Parliament in May 2009, the Gewog Administration, Kikhorthang had resolved irregularities by 100% as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament in Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Fraud, Corruption & Embezzlement	0.049	0.049	-	100%
	Total	0.049	0.049	-	100%

The details status of irregularities reported to the Parliament in May 2009, irregularities resolved thereafter and status of irregularities as on 28.02.2010 are as discussed below:

1 Fraud, Corruption & Embezzlement – Nu. 0.049 million

1.1 Short accountal of rural life insurance – Nu. 0.049 million

The Administration had not accounted rural life insurance of Nu. 0.049 million. Subsequently, the amount had been deposited but no action had been taken. (Para 2, AIN 7436)

Status:

The para was resolved as the amount was deposited into ARA vide Money Receipt no. 52039 dated 06/06/2008 and action taken.

2.30 Gewogs under Wangdue Dzongkhag

Athang Gewog

Out of the total unresolved significant irregularities of Nu.0.057 million reported to the Parliament in May 2009, the Gewog Administration, Athang had resolved irregularities by 100% as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament in Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Fraud, Corruption & Embezzlement	0.057	0.057	-	100%
	Total	0.057	0.057	-	100%

The details status of irregularities reported to the Parliament in May 2009, irregularities resolved thereafter and status of irregularities as on 28.02.2010 are as discussed below:

1 Fraud, Corruption & Embezzlement – Nu. 0.057 million

1.1 Non- accountal of stocks – Nu. 0.057 million

Equipments and furniture worth Nu. 0.057 million was not accounted in the Stock Register. (Para 5, AIN 7405)

Status:

The para was resolved vide Review Report No. IR(03)G1/2009/713 dated 31/03/2009.

Bjena Gewog

Out of the total unresolved significant irregularities of Nu.0.031 million reported to the Parliament in May 2009, the Gewog Administration, Bjena had resolved irregularities by 100% but failed to furnish action taken as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament in Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Fraud, Corruption & Embezzlement	0.031	0.031	-	100%
	Total	0.031	0.031	-	100%

The details status of irregularities reported to the Parliament in May 2009, irregularities resolved thereafter and status of unresolved irregularities as on 28.02.2010 are as discussed below:

1 Fraud, Corruption & Embezzlement – Nu. 0.031 million

1.1 Non- deposit of rural taxes – Nu. 0.031 million

Rural tax collections of Nu. 0.031 million was not deposited into the Gewog Current Deposit Account. No action had been taken. (Para 3, AIN 7406)

Status:

Although the amount was deposited into Gewog CD Accts vide letter No. IR(04)G3/2009/198 dated 4/9/2009 yet no action was taken for non deposit of rural taxes.

Who is accountable?

Ugyen Dorji, Gup

Gasetsho Wom Gewog

Out of the total significant irregularities of Nu.0.042 million reported to the Parliament in May 2009, the Gewog Administration, Gasetsho Wom had failed to furnish action taken against the incumbents as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament in Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Fraud, Corruption & Embezzlement	0.042	0.042	-	100%
	Total	0.042	0.042	-	100%

The details status of irregularities reported to the Parliament in May 2009, irregularities resolved thereafter and remaining unresolved irregularities as on 28.02.2010 are as discussed below:

1 Fraud, Corruption & Embezzlement – Nu. 0.042 million

1.1 Payment for materials not received – Nu. 0.042 million

The Administration had made payments of Nu. 0.042 million without receiving the materials. Subsequently, the amount was deposited into Audit Recoveries Account but no action was taken against the official. (Para 1.1, AIN 7411)

Status:

The RAA did not receive any response.

Who are accountable?

Kuenley Dorji, Gup & Prakash Gurung, JE

Kazhi Gewog

Out of the total unresolved significant irregularities of Nu.0.038 million reported to the Parliament in May 2009, the Gewog Administration, Kazhi had resolved irregularities by 100% as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Fraud, Corruption & Embezzlement	0.038	0.038	-	100%
	Total	0.038	0.038	-	100%

The details status of irregularities reported to the Parliament in May 2009, irregularities resolved thereafter and status of irregularities as on 28.02.2010 are as discussed below:

1 Fraud, Corruption & Embezzlement – Nu. 0.038 million

1.1 Shortages of timber – Nu. 0.038 million

The Administration had shortages of timber valuing Nu. 0.038 million. No action had been taken. (Para 2.1, AIN 7412)

Status:

The para was resolved based on the justifications received vide letter No. DAW/DES-17/2008-2009/149 dated 10th July 2009.

Phobji Gewog

Out of the total unresolved significant irregularities of Nu.0.014 million reported to the Parliament in May 2009, the Gewog Administration, Phobji had resolved irregularities by 100% as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament in Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Fraud, Corruption & Embezzlement	0.014	0.014	-	100%
	Total	0.014	0.014	-	100%

The details status of irregularities reported to the Parliament in May 2009, irregularities resolved thereafter and the status of irregularities as on 28.02.2010 are as discussed below:

1 Fraud, Corruption & Embezzlement – Nu. 0.014 million

1.1 Non-accountal of materials/stocks – Nu. 0.014 million

The Administration had procured 55 bags of cements amounting to Nu. 0.014 million. The accountal and its utilization was not on record. (Para 1, AIN 7416)

Status:

The para was resolved vide IR(04)G3/2009/198 dated 4/9/2009.

2.31 Gewogs under Zhemgang Dzongkhag

Nangkor Gewog

Out of the total unresolved significant irregularities of Nu.0.448 million reported to the Parliament in May 2009, the status remained unchanged as no responses were provided by the Gewog Administration, Nangkor as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament in Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Mismanagement	0.118	-	0.118	0%
2	Shortfalls, Lapses and Deficiencies	0.330	-	0.330	0%
	Total	0.448	-	0.448	0%

The details status of irregularities reported to the Parliament in May 2009 and the status of irregularities as on 28.02.2010 are as discussed below:

1. Mismanagement – Nu. 0.118 million

1.1 Non-collection of rural taxes – Nu. 0.118 million

Rural taxes amounting to Nu. 0.118 million were either pending collection from the tax payers or its account in the Gewog CD Account. (Para 1, AIN 7444)

Status:

The RAA did not receive any response.

Who is accountable?

Kinley Wangchuk, Gup

2. Shortfalls, Lapses and Deficiencies – Nu. 0.330 million

2.1 Outstanding advances – Nu. 0.330 million

The Administration had not recovered advances of Nu. 0.330 million although the final bills of the contractor had been paid. (Para 3, AIN 7444)

Status:

The RAA did not receive any response.

Who are accountable?

Kelzang Peljor, DE & Til Bdr. Ghallay, FO

Shingkar Gewog

Out of the total significant irregularities of Nu.0.032 million reported to the Parliament in May 2009, the status remained unchanged as no responses were provided by the Gewog Administration, Shingkar as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament in Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Fraud, Corruption & Embezzlement	0.032	0.032	-	100%
	Total	0.032	0.032	-	100%

The details status of irregularities reported to the Parliament in May 2009 and the status of irregularities as on 28.02.2010 are as discussed below:

1 Fraud, Corruption & Embezzlement – Nu. 0.032 million

1.1 Shortages of funds – Nu. 0.032 million

The Administration had shortages of closing balance of Gewog CD Account of Nu. 0.032 million. Subsequently, the amount had been deposited into Audit Recoveries Account but no actions were taken. (Para 2, AIN 7457)

Status:

The RAA did not receive any response.

Who is accountable?

Sonam, Gup

AUTONOMOUS BODIES

2.32 Bhutan Olympic Committee

Out of the total unresolved significant irregularities of Nu.0.050 million reported to the Parliament in May 2009, the status of irregularities remained unchanged as no Responses were provided by the Bhutan Olympic Committee as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament in Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Shortfalls, Lapses and Deficiencies	0.111	-	0.111	0%
	Total	0.111	-	0.111	0%

The details status of irregularities reported to the Parliament in May 2009 and status of irregularities as on 28.02.2010 are as discussed below:

1 Shortfalls, Lapses and Deficiencies – Nu.0.111 million

1.1 Irregularities in advances – Nu. 0.111 million

- a) The Bhutan Olympic Committee had advances of Nu. 0.063 million lying outstanding against various officials and suppliers. (AIN 7502)

Status:

The management is following up with the incumbents.

Who are accountable?

Namgay Wangchuk, Accounts Officer & Karma Wangchuk, Secretary General

- b) Adjustment of Nu. 0.048 million made by the General Secretary was found not supported by invoices and documents. (AIN 7502)

Status:

The adjustments made without supporting documents and invoices remained unresolved.

Who are accountable?

*Karma Dorji, General Secretary, BAF and Pem Tenzin
Secretary General, BOC.*

6.33 Centre for Bhutan Studies

Out of the total unresolved significant irregularities of Nu.0.059 million reported to the Parliament in May 2009, the Centre for Bhutan Studies had resolved irregularities by 100% as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament in Nu	Amount considered/ settled Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Shortfalls, Lapses and Deficiencies	0.059	0.059	-	100%
	Total	0.059	0.059	-	100%

The details status of irregularities reported to the Parliament in May 2009, irregularities resolved thereafter and the status of irregularities as on 28.02.2010 are as discussed below:

1 Shortfalls, Lapses and Deficiencies – Nu. 0.059 million

1.1 Excess payment of subsistence allowances – Nu. 0.059 million

The Centre for Bhutan Studies had paid excess daily subsistence allowances of Nu. 0.059 million for participating in a workshop conducted by Material Welfare, Japan. (Para 1, AIN 7649)

Status:

The para was resolved as the corrected figure of excess payment of DSA of Nu.0.047 million has been deposited to ARA vide Money Receipt No. 72389 dated 12/2/2010.

6.34 Royal University of Bhutan

Out of the total unresolved significant irregularities of Nu.23.091 million reported to the Parliament in May 2009, the Royal University of Bhutan had resolved irregularities amounting to Nu.22.015 million (around 95%) leaving a balance of Nu.**1.076 million** (5%) as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament in Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Fraud, Corruption and Embezzlement	0.155	0.155	-	100%
2	Violation of Laws and Rules	0.106	0.106	-	100%
3	Shortfalls, Lapses and Deficiencies	22.830	21.754	1.076	95.28%
	Total	23.091	22.015	1.076	95.34%

As would be evident from the above summary table, the Royal University of Bhutan had recovered amounts by 100% under the category ‘fraud, corruption and embezzlement’ and resolved 100% irregularities under “violation of laws and rules’. However, both paras under ‘fraud, corruption and embezzlement’ remained unresolved as the actions taken were not furnished. Under the category ‘shortfalls, lapses and deficiencies’ 95.28% irregularities were resolved.

The details status of irregularities reported to the Parliament in May 2009, irregularities resolved thereafter and remaining unresolved irregularities as on 28.02.2010 are as discussed below:

1 Fraud, Corruption and Embezzlement – Nu. 0.155 million

1.1 Shortage of cash – Nu. 0.100 million

The Institute of Traditional Medicine Services had not only delayed the deposit of sale proceeds but also had cash shortages of Nu. 0.100 million. Subsequently, the cash shortage had been deposited into the Revolving Fund Accounts but no action was taken for the shortage. (AIN 7703)

Status:

The management is in the process of taking actions.

Who are accountable?

Singay Wangmo, Saleswoman, and Sonam Wangchuk, Marketing Officer.

1.2 Payment for works not executed – Nu. 0.055 million

The Sherubtse College had made payment of Nu. 0.055 million to M/s Gakid Pelbar Construction for works not executed. (AIN 7428)

Status:

Although the amount was deposited into ARA vide Money Receipt No.53252 dated 14/7/.09 no action was taken.

Who are accountable?

D.B. Ghalley, Asst. Estate Manager.

2 Violation of Laws and Rules – Nu. 0.106 million

2.1 Non levy of liquidated damages – Nu. 0.106 million (27,467.00)

The Institute of Traditional Medicine Services had not levied liquidated damages of Nu. 0.106 million for delay in supply of goods. (Para 2.2.8, AIN 7703)

Status:

The para was resolved as the corrected liquidated damages amounting to Nu.0.027 million was deposited into ARA vide Money Receipt No. 72382 dated 12/2/2010.

3 Shortfalls, Lapses and Deficiencies – Nu. 22.830 million

3.1 Non-deduction of TDS – Nu. 0.033 million

The College of Natural Resources, Lobesa had not deducted TDS (tax deducted at source) aggregating to Nu. 0.033 million from the consultant for conducting Organisational Development Assessment. (AIN 7630)

Status:

TDS amounting to Nu.0.033 million remained unresolved.

Who are accountable?

Tender Committee and Dorji Wangchuk, Director

3.2 Non-deduction of secured advances - Nu. 0.178 million

The Sherubtse College had not deducted secured advances of Nu. 0.178 million from the final bill of the contractor. (AIN 7428)

Status:

The management is in the process of recovering the amount from the contractor.

Who are accountable?

D.B. Ghalley, Asst. Estate Manager.

3.3 Payment of 100% advances for goods and services not provided – Nu. 0.298 million

The Sherubtse College had paid 100% advance of Nu. 0.298 million to a supplier for purchase of course books on environmental studies for which the goods were not received. (AIN 7428)

Status:

The management submitted that books worth Nu. 0.101 million were received and the balance amount of Nu.0.145 million was refunded by the supplier leaving a balance of Nu.0.052 million.

Who are accountable?

Tshering Gyeltshen, Sr. Lecturer.

3.4 Overdue bills – Nu. 0.323 million

The Institute of Traditional Medicine Services had over due bills amounting to Nu. 0.323 million raised on account of credit sales. (AIN 7703)

Status:

Nu.0.196 million was liquidated leaving a balance of Nu.0.127 million.

Who are accountable?

Singay Wangmo, Saleswoman, and Sonam Wangchuk, Marketing Officer.

3.5 Outstanding advances – Nu. 21.998 million

- a) The Sherubtse College had advances of Nu. 21.230 million lying outstanding against various officials and suppliers. (AIN 7428)

Status:

Nu.21.193 million was adjusted leaving a balance of Nu.0.037 million.

Who are accountable?

Shivaraj Bhattarai. Lecturer and Nakchung, Library Asstt.

- b) The college of Natural Resources, Lobesa had advances of Nu. 0.496 million lying outstanding against various employees and suppliers. (AIN 7630)

Status:

Nu.0.015 million was liquidated leaving a balance of Nu.0.481 million.

Who are accountable?

Wangmo, Sr. Accountant, Dorji Wangchuk, Director

- c) The Institute of Traditional Medicine Services had advances of Nu. 0.272 million lying unadjusted from various officials. (AIN 7703)

Status:

The management agreed to recover Nu.0.168 million from the retirement benefits of Mr. Sonam Dorji.

Who are accountable?

Kinga Jamphel, Head, PRU, Sonam Dorji and Sonam Wangchuk

CORPORATIONS & FINANCIAL INSTITUTIONS

2.35 Bhutan Broadcasting Service Corporation Limited

Out of the total unresolved significant irregularities of Nu.1.967 million reported to the Parliament in May 2009, the Bhutan Broadcasting did respond. However, the position of the para remained unchanged as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament 9 in Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Shortfalls, Lapses and Deficiencies	1.967	-	1.967	0%
	Total	1.967	-	1.967	0%

The details status of irregularities reported to the Parliament in May 2009 and the status of irregularities as on 28.02.2010 are as discussed below:

1 Shortfalls, Lapses and Deficiencies – Nu. 1.967 million

1.1 Loss on operation of Multi Service Operator- Nu. 1.967 million

The Corporation within two years of operation of the Innovation of Bhutan Network had incurred a loss of Nu. 1.967 million on account of purchases, fees and interest on loans. (Para 1, AIN 7668)

Status:

The para is being pursued by the management.

Who are accountable?

Zangmo Dukpa, MSO coordinator & Pema Choden, MD (Supervisory).

2.36 Bhutan Development Finance Corporation Limited

Out of the total unresolved significant irregularities of Nu.3.702 million reported to the Parliament in May 2009, the Bhutan Development Finance Corporation Limited had resolved irregularities amounting to Nu.0.140 million only (around 4%) leaving a balance of Nu.**3.562 million** (around 96%) as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament in Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Fraud, Corruption & Embezzlement	3.702	0.140	3.562	3.78%
	Total	3.702	0.140	3.562	3.78%

The details status of irregularities reported to the Parliament in May 2009, irregularities resolved thereafter and remaining unresolved irregularities as on 28.02.2010 are as discussed below:

1 Fraud, Corruption & Embezzlement – Nu. 3.702 million

1.1 Misuse of funds – Nu. 3.702 million

The BDFCL, Zhemgang had a case of misuse of funds of Nu. 3.702 million mainly carried out through creation of fictitious clients. Based on the Court's verdict, an amount of Nu. 0.140 million was recovered leaving a balance of Nu. 3.562 million. (Para 1, AIN 7534)

Status:

Based on the court's verdict, the incumbent is severing the jail term but the amount remained unrecovered. The court had extended the prison term till the amount is recovered.

Who are accountable?

Sangay Tashi, Branch Manager, Sonam Chunjure, Asstt. Branch Manager & Sonam Phuntsho, Branch Manager

2.37 Bank of Bhutan Limited

Out of the total unresolved significant irregularities of Nu.24.977 million reported to the Parliament in May 2009, the Bank of Bhutan had resolved irregularities amounting to Nu.10.655 million (around 43%) leaving a balance of Nu.**14.312 million** (57%) as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament in Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Shortfalls, Lapses and Deficiencies	24.977	10.665	14.312	42.69%
	Total	24.977	10.655	14.312	42.69%

It was noted that the Bank of Bhutan had initiated requisite legal actions and all unresolved cases are currently under sub-judice. The details of status of irregularities reported to the Parliament in May 2009, irregularities resolved thereafter and remaining unresolved irregularities as on 28.02.2010 are as discussed below:

1 Shortfalls, Lapses and Deficiencies – Nu. 24.977 million

1.1 Overdue mortgage loans – Nu. 3.000 million

The Main Branch, Phuentsholing had sanctioned 4 mortgage loans amounting to Nu. 13.694 million to a Construction Company. These loan accounts had outstanding balance of Nu. 12.011 million with overdue installments ranging from 10 to 16 months amounting to Nu. 3.000 million. (AIN 7635, para No. 2.2)

Status:

MTL A/c Nos. 2820 & 3101 amounting to Nu. 1.152 million were closed and the balance amount of Nu.1.848 million pertaining to MTL A/c No. 3100 and 2779 have been re-appealed to the Dzongkhag Court by the clients.

Who are accountable?

B.B. Chawan, Tshering Dorji, G.P Sharma, Passang Tshering, Dorji Wangchuk & Ugyen Wangdi

1.2 Over financing and loan defaults – Nu. 21.977 million

- a) The Main Branch, Phuentsholing had sanctioned a transport loan of Nu. 2.800 million to a client for procurement of a excavator. Excess loan of Nu. 0.202m million was availed by inflation of value of the equipment. The said excavator pledged as mortgage had been sold out based on the clearance issued by the bank. The loan account as on the date of audit was overdue by 5 installments amounting to Nu. 0.341 million. The case was reported to be under sub-judice. (AIN 7635, para No. 3.3)
- b) The Main Branch, Phuentsholing had sanctioned a loan of Nu. 9.500 million to the above client under the personal loan scheme to liquidate the balance cost of procurement of 16.50 acres of dry land. However, it was observed that the valuation of the mortgage property was inflated to obtain excess loan of Nu. 5.188 million over and above the permissible limit. Documentations were also not adequate and the account was overdue by 6 months with overdue amount of Nu. 1.275 million. The case was reported to be under sub-judice. (AIN 7635, para No. 3.5)
- c) The Main Branch, Phuentsholing had sanctioned a loan of Nu. 2.000 million to above client for procurement of 3 Eicher Terra Trippers. However, the client procured only two trucks and submitted a manipulated bluebook copy of a vehicle belonging to his brother. On the instance of the audit, the excess loan of Nu. 0.667 million was refunded to the bank. The case was reported to be under sub-judice. (AIN 7635, Para No. 3.6)
- d) The Main Branch, Phuentsholing had opened various Letter of Credit (LC) Accounts in India and Singapore as requested by the above client. However, the contractor having failed to retire the bills for import of equipment, the bank had to debit an amount of Nu. 11.588 million to his term expired miscellaneous overdraft Account. The credibility of the borrower to retire the bills was also not taken into account. The case was reported to be under sub-judice. (AIN 7635, para No. 3.9)

Status:

Nu. 9,513 million recovered from sale of machineries/vehicles/ two storied building leaving a balance of Nu. 12.464 million. The management is in the process of transferring the ownership of the mortgaged land measuring 18.87 acres at Zamsa, Paro in the name of the Bank to resolve the balance amount as per the directives of the Board.

Who are accountable?

B.B. Chawan, Tshering Dorji, G.P Sharma, Passang Tshering, Hem Kr. Acharya & Ugyen Wangdi

- e) The Main Branch, Phuentsholing had sanctioned a medium term loan of Nu. 12.880 million to a client under three different accounts. The bank had sanctioned Nu. 3.383 million over and above the permissible limit prescribed by the Credit Manual and the Prudential Guidelines of the Royal Monetary Authority. (AIN 7635)

Status:

The para was resolved based on the reply No. 27/IA/29/58 dated 11/4/09.

2.38 Bhutan Telecom Corporation Limited

Out of the total unresolved significant irregularities of Nu.1.086 million reported to the Parliament in May 2009, the Bhutan Telecom Corporation Limited had resolved irregularities by 100% as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament in Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Shortfalls, Lapses and Deficiencies	2.169	2.169	-	100%
	Total	2.169	2.169	-	100%

The details of irregularities reported to the Parliament in May 2009, irregularities resolved thereafter and status of irregularities as on 28.02.2010 is as discussed below:

1 Shortfalls, Lapses and Deficiencies – Nu. 2.169 million

1.1 Non-deduction of TDS (tax deducted at source)/ rebates - Nu. 2.169 million

- a) The Corporation had not deducted 3% TDS of Nu. 1.115 million from the contractor in the commissioning of power supply system. (Para 1.2, AIN 7707)

Status:

The para was resolved as the amount was deposited into RRCO directly by the firm.

- b) The Corporation had not deducted rebate of Nu. 0.152 million offered by the contractor in the commissioning of power supply system. (Para 1.3, AIN 7707)

Status:

The para was resolved as the amount was recovered and deposited into their B-Mobile Account.

- c) The Corporation had not deducted 3% TDS of Nu. 0.778 million in the construction of tower, equipment shelter and associated civil works for the project – GSM cellular network. (Para 2.2, AIN 7707)

Status:

The para was resolved as the amount was deposited into RRCO directly by the firm.

- d) The Corporation had not deducted rebate of Nu. 0.124 million offered by the contractor in the construction of tower, equipment shelter and associated civil works for the project – GSM cellular network. (Para 2.3, AIN 7707)

Status:

The para was resolved as the amount was recovered and deposited into B-mobile account.

2.39 Construction Development Corporation Limited

Out of the total unresolved significant irregularities of Nu.0.606 million reported to the Parliament in May 2009, the Construction Development Corporation Limited had resolved irregularities by 100% as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament in Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Shortfalls, Lapses and Deficiencies	0.606	0.606	-	100%
	Total	0.606	0.606	-	100%

The details status of irregularities reported to the Parliament in May 2009, irregularities resolved thereafter and the status of irregularities as on 28.02.2010 are as discussed below:

1 Shortfall, Lapses & Deficiencies – Nu. 0.606 million

1.1 Excess payment to employees – Nu. 0.606 million

The Construction Development Corporation, Hesothingkha had made excess payments of pay and allowances and remittances of Nu. 0.606 million due to error in pay fixation. (Para 1.1 & 1.2, AIN 7658)

Status:

The para was resolved as the excess payments were regularised by the Board.

2.40 Penden Cement Authority Limited.

Out of the total unresolved significant irregularities of Nu.0.487 million reported to the Parliament in May 2009, the Penden Cement Authority Limited had resolved irregularities by 100% as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament in Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Shortfalls, Lapses and Deficiencies	0.487	0.487	-	100%
	Total	0.487	0.487	-	100%

The details of irregularities reported to the Parliament in May 2009, irregularities resolved thereafter and the status of irregularities as on 28.02.2010 are as discussed below:

1 Shortfalls, Lapses and Deficiencies – Nu. 0.487 million

1.1 Excess payment of railway freight charges – Nu. 0.487 million

The Corporation had made excess payment of railway freight charges of Nu. 0.921 million on account of transportation of slag due to erroneous application

of rates. Subsequently, the Authority had recovered a sum of Nu. 0.432 million leaving a balance of Nu. 0.487 million. (Para 1, AIN 7564)

Status:

The para was resolved based on the recovery made and justifications furnished.

2.41 Royal Insurance Corporation of Bhutan Limited

Out of the total unresolved significant irregularities of Nu.0.041 million reported to the Parliament in May 2009, the Royal Insurance Corporation of Bhutan limited had resolved irregularities amounting to Nu.0.041 million (100%) leaving a balance of ‘fraud, corruption and embezzlement’ cases without having any monetary amount as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament in Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Fraud, Corruption & Embezzlement	-	-	-	0%
2	Shortfalls, Lapses and Deficiencies	0.041	0.041	-	100%
	Total	0.041	0.041	-	100%

As would be evident from the above summary table, the RICBL had resolved irregularities by 100% under the category ‘shortfalls, lapses and deficiencies’. However, the cases pertaining to ‘fraud, corruption and embezzlement’ remained unresolved as the cases are under liquidation.

The details status of irregularities reported to the Parliament in May 2009, irregularities resolved thereafter and remaining unresolved irregularities are as on 28.02.2010 are as discussed below:

1 Fraud, Corruption & Embezzlement

1.1 *Intentional split of the loan amount to avoid Board’s approval*

As per the Credit Manual 2003, all loans above Nu. 5.000 million should be approved by the Company’s Board of Directors. A Construction Company had availed 6 loans amounting to Nu. 15.052 million within a period of 48 days keeping the loan within Nu. 5.00million apparently splitting the loan amounts to avoid the Board’s approval. As on the date of audit, the total loan balance including interest and penalty amounted to Nu. 25.257 million.

1.2 *Absence of arms length transaction*

Further, preferential financing scheme loan for purchase of a Grand Vitara from an employee of RICBL and the personal loan for purchase of land from another employee of RICBL were processed, approved and released within a day without proper documentations.

1.3 Excessive grant of loans and non-payment of instalments

The RMA Prudential Guidelines discourages granting large credit facilities to a single borrower. However, in the above case, the borrower was granted many loans. The borrower had not paid a single installment since March 2007 for any of the loan sanctioned to him. From the total loans that he had availed within 48 days, he was required to pay a monthly installment of Nu. 0.270 million.

1.4 Over financing due to non-procurement of required number of vehicles/excavators

The client was sanctioned a transport loan of Nu. 1.875 million as 60% financing of the cost of three Eicher Tipper trucks against which only two trucks were purchased and hypothecated. Besides excess financing, the outstanding loan as on the date of audit was Nu. 2.096 million against hypothecation value of Nu. 2.086 million.

Similarly, in the transport loan of Nu. 5.000 million sanctioned as 60% financing of the cost of two units of Kobelco Excavator, the client had procured only one Excavator. Further the cost of the excavator was only Nu. 3.400 million and not Nu. 4.188 million as reflected in the loan document. Therefore, for a loan of Nu. 5.000 million, the company had a collateral value of only Nu. 3.400 million leading to over exposure to risk.

1.5 Direct release of loan amount to the client

The Corporation had paid the loan amount of Nu. 5.000 million directly to the client since he stated that he owned ST Trading dealing with import of excavators. The payment, which was supposed to be paid to the Bank of Bhutan in lieu of the hard currency Letter of Credit Account had not been paid till the date of audit. The existence and the ownership of the ST Trading House was not established.

1.6 Breach of contract by the client

According to the Agreement, the borrower could not sell/dispose off, alienate or encumber in any manner the hypothecated asset without the prior consent of the Corporation in writing. On the contrary, the above client had sold the excavator for Nu. 3.150 million. Accordingly, the buyer approached the RICBL and the borrower transferred 50% of the loan amounting to Nu. 2.500 million in the name of the buyer. The borrower in his loan transfer application stated that he owed some money to a Hiring Agency against which the balance amount was adjusted. Therefore the excavator fetched only Nu. 2.747 million including the deposit of Nu. 0.247 million by the buyer. Further, the transaction appeared to have conflict of interest as the buyer was a spouse of an employee of RICBL.

1.7 Signing of the loan agreements by person other than the authorized signatory

The loan agreements of both the preferential financing scheme loan amounting to Nu. 0.450 million and the personal loan of Nu. 2.000 million were signed by an official despite the presence of the General Manager who was the authorised signatory. The loans were availed to buy a Grand Vitara and a plot of land from two employees of the Corporation.

1.8 Grant of unauthorised loans

The personal loan of Nu. 2.000 million was granted without considering the liability of the securities pledged against the bank guarantees issued to other agencies on behalf of the above client. The total liabilities against the bank guarantees issued as on the day of sanctioning the above loan amounted to Nu. 1.74 million. Had the liabilities on account of bank guarantees were included in the appraisal, the loan eligibility would have been only Nu. 0.570 million. This had led to an unauthorised loan of Nu. 1.420 million.

1.9 Frauds under business loans

The business loan of Nu. 2.500 million was enhanced to Nu. 3.200 million without having signed the comprehensive loan addendum by the client. Before the loan enhancement was approved on 07.04.2007, the client had already withdrawn Nu. 2.708 million. The withdrawal had not only exceeded the previous sanctioned limit, but also exceeded the enhanced limit of Nu. 3.200 million. The withdrawal of excess loan had occurred due to understatement of loan balance to Nu. 0.597 million instead of Nu. 1.700 million.

The client had also managed to withdraw another Nu. 5.000 million from the business loan account taking advantage of the facilities allowing withdrawal and deposit from the branch offices. He had deposited a Bank of Bhutan cheque for Nu. 10.000 million in the RICBL, Gelephu. While he didn't have sufficient balance in the specified account of Bank of Bhutan, he was able to withdraw Nu. 5.000 million from RICBL, Paro apparently aided by liberal considerations by some employees of the RICBL. The client then tried to withdraw another 10.000 million by depositing a cheque of Nu. 20.000 million from his Bank of Bhutan account to RICBL, Gelephu and requested a withdrawal of Nu. 10.000 million the following day. Although, the RICBL had issued a cheque of Nu. 10.000 million in favour of the client against the deposit, he could not withdraw the amount as there was no sufficient balance in the RICBL account maintained by the Bank of Bhutan, Gelephu.

Status :

The officials involved have been suspended till further notice, one manager's one year increment has been withheld and also reprimanded for his negligence. 2 loan accounts are regular(A/c No. 4188 & 21154), loan A/c No. 4184 has 3 ODs, Loan A/c No. 4204 has 2 ODs and the Loan A/c Nos. 8560 & 10386 are in the Royal Court of Justice.

2 Shortfalls, Lapses and Deficiencies

2.1 Double payment of claims – Nu. 0.041 million

The Corporation had made double payment of claims of Nu. 0.041 million due to erroneous payment for spare parts supplied by the RICBL while settling the final repair bills. (Para 8.7, AIN 7491)

Status:

The para was resolved as the balance amount of Nu.0.041 million was recovered vide receipt No.HO/02/RV/2010/1068 dated 09/02/2010.

NON-GOVERNMENTAL ORGANISATIONS

2.42 Youth Development Fund

Out of the total unresolved significant irregularities of Nu.0.877 million reported to the Parliament in May 2009, the Youth Development Fund had resolved irregularities by 100% as on 28.02.2010 as summarized below:

Sl. No	Category	Amount reported to the Parliament in Nu	Amount settled in Nu	Balance as on 28/02/2010 in Nu	% resolved
1	Mismanagement	0.877	0.877	-	100%
	Total	0.877	0.877	-	100%

The details status of irregularities reported to the Parliament in May 2009, irregularities resolved thereafter and the status of irregularities as on 28.02.2010 are as discussed below:

1 Mismanagement – Nu. 0.877 million

1.1 Non- deposit of refund of cost of air ticket – Nu. 0.023 million

The cost of air ticket amounting to Nu.0.023 refunded by an international consultant was not found accounted or deposited. (Para No. 1 of AIN 7356)

Status:

The para was resolved as the amount was recovered and accounted.

1.2 Non-accountal of sale proceeds – Nu. 0.854 million

The Youth Development Fund had advanced Nu.3.042 million as back as 2003 to the Programme Coordinator and Programme Officer with the objective of raising funds by way of selling imported goods from Thailand. However, the Coordinator and the Programme Officer still owed Nu.0.854 million of the principal amount. (Para No.2 of AIN 7356)

Status:

The para was resolved as the amount was either recovered/liquidated as intimated vide letter No. YDF/AFD/2010/64 dated 16/02/2010.