

# **Forsestry Development Corporations.**

## **1. Excess Payment Nu.1.62 millions.**

### **(a) Adjustments not made for change in depot involving reduced distance Nu. 1.048 millions (FDC, Zhongar).**

The FSD had approved different rates per cft of timber for transportation from the working scheme to the main designated forest depots depending upon the distance between the working scheme and the depot. It was however observed that the transporters did not transport the logs to the main depot but to the contractors transit depot from where the timbers were auctioned off. Payment of bills was however based on the rates approved for the distance between the main depot and the working scheme. This had resulted to an excess payment to transporters of Nu. 1.048 millions.

*The RAA is informed that out of Nu.1.048 millions, Nu.0.157 was subsequently recovered. The recovery of the balance amount needs to be reviewed by the corporation in the light of a shorter distance of 6.5 km transported by the contractor against the actual distance of 28 KM.*

### **(b) Payment for works not executed Nu. 0.20 million (FDC, Zhongar).**

Bridge construction under the construction of Lingmethang Forest Management Unit Road was awarded to Sangay Tenzin, Contractor at Nu. 0.20 million. However, on physical verification by the audit team & FDC Officials, it was observed that no such construction had been carried out by the contractor.

*Upon being pointed out by the RAA Nu. 0.05 was recovered and deposited into the Audit Recoveries Account. The work on said culvert would be jointly verified in next audit.*

### **(c) Excess payment due to allowing more passing places on Construction of road at Korila-Nu. 0.28 million (FDC, Zhongar).**

It was observed that excess payments were made to the contractor undertaking the construction of forest road at Korila due to allowing more number of passing places as against actual number of passing places recorded by the Committee Members.

*The RAA is informed that Nu. 0.04 has been recovered by the corporation. Exact number of passing places to be verified in next audit.*

## **2. Payment on behalf of contractor Nu. 0.135 million (FDC, Zhongar).**

It was noted from the notification No. MFDC/1-31/98/456 dt. 21.7.98 that Government approved rate of Nu. 9.50 per cft. for the transportation of timber from Tshamang working scheme to Lingmethang Depot was inclusive of loading/unloading and maintenance of Tshamang road. The cost of minor maintenance of road was required to be borne by the contractor.

In contravention to the terms of the notification, the Division had incurred expenditure to the tune of Nu. 0.135 million on the maintenance of the aforementioned road. The payment was found not recovered from the contractor.

***The RAA is informed that the corporation would submit further verification report on maintenance works.***

## **3. Award of work without approval and tender (FDC, Zhongar)**

The FDC, Zhongar Management had directly awarded the contract for the reconstruction/repair works of Tshamang working scheme and Korila Forest Management Unit road to M/s Pema Wangdi and M/s S. Tenzin contractors prior to obtaining approval from Managing Director, FDC, HQ.

It was also observed that the FDC had incurred about Nu. 0.054 million for the reconstruction and repair of Tshamang road and that FDC's compressor machine and tractors were used for the work as was evident from the DSA claims made by the machine operators. No recovery was affected from the contractor for the expenditures incurred and for use of the departmental machinery.

It was also observed that the contractor for reconstruction and repair works of Korila road was not at the work site during the entire period. Except for the final bill of Nu. 0.187 million, there were no evidences that the advances were acknowledged by the contractor. This is evident from the payment of advances for the work, which had been released in the name of the Range Manager and other suppliers.

***The RAA is informed that Nu.0.044 million was recovered from the contractor. The corporation still has to recover the balance of Nu.0.01 million.***

## **4. Irregular payment of advances: Undue financial help to the contractors (FDC Zhongar).**

It was noted that advances to the extent of Nu. 2.598 millions were paid to the contractors towards the logging works, transportation of timber, road construction etc. without certification/verification of the concerned Range Managers supervising the works. Some advances paid were not supported with the application of the contractors.

***The RAA is informed that since the new management took over in the year 2000, the corporation had stopped paying advances to the contractors. In view of liquidation of all advances and assurances that such lapses shall not be repeated, the RAA agreed not to pursue the matter further.***

**5. Booking of fictitious expenditure of Nu. 0.62 million by fabricated bills (FDC, S/Jongkhar).**

The extraction of timber under sanitation operation of the Range Office, Pemagatsel that was to be carried out departmentally was carried out by a regeneration logging contractor. The bills were found manipulated by booking the payments based on the approved rate per cft of logs extracted and transported as against the actual payment was based on the regeneration logging rate. This had resulted in fictitious payment of Nu. 0.62 million.

***Services of some of the officials involved were terminated. The case has been subjudice and the court verdict is awaited.***

**6. Shortage of timber stock worth of Nu. 1.43 millions (FDC, S/Jongkhar).**

About 25,538.41 cft of timber valuing Nu. 1.43 millions were found short during the physical verification of the timber stock at Kheri Gonpa depot and road heads under Pemagatsel Range Office.

***Services of some of the officials involved were terminated. The case has been subjudice and the court verdict is awaited.***

**7. Fictitious muster roll payment Nu. 1.12 millions (FDC, S/Jongkhar).**

It was noted that Range Office, Pemagatsel had booked expenditure on account of muster roll payment towards logging related works. It was confirmed that expenditures so booked were either borne by the contractor or the work was not taken up. Thus the claim made by the Range Office was false.

***Services of some of the officials involved were terminated. The case has been subjudice and the court verdict is awaited.***

**8. Booking of expenditure through manipulation of rates Nu. 0.32 million (FDC, S/Jongkhar).**

For the extraction of block size timber from the trees felled along the transmission line, the Forestry Development Corporation had approved Nu. 82.00 per cft outlining rates for different stages of logging operation. It was however noted that Range Office, Pemagatsel had charged at the approved rate per cft although labourers were paid at lower rates.

Services of some of the officials involved were terminated. The case has been subjudice and the court verdict is awaited.

**1. Irregular booking of depreciation Nu. 0.11 million (FDC, S/Jongkhar).**

The Range Office, Pemagatsel had claimed Nu. 0.11 million towards the depreciation cost of machinery. Since the sanitation and block size timber extractions were carried through contract, it was pointed out that the claim on account of depreciation was false and fictitious.

***Services of some of the officials involved were terminated. The case has been subjudice and the court verdict is awaited.***

**2. Irregular increase in logging rates resulting into additional payment of Nu. 0.11 million (FDC, S/Jongkhar).**

The Forestry officials of DFO, S/Jongkhar detected illicit felling of 300 trees and seized the timber in Rikheyju and its vicinity during their patrolling duty. It was then decided to extract the seized timber departmentally. However, 5,478.60 cft of timber was extracted through a firewood Contractor, @ Nu. 50 per cft whereas the departmental rate was Nu. 30 per cft approved by a committee. This has resulted into excess expenditure of Nu. 0.11 million.

***The RAA is appraised that Mr. Dorji Rinchen, Ex-DFO of Samdrup Jongkhar has been held responsible for increasing the rate from Nu. 30/cft to Nu. 50/cft.***

**3. Direct allotment of contract for production (FDC, S/Jongkhar).**

Extraction works worth over Nu.20.7 millions were given on direct allotment basis with the approval of the Joint Secretary, MoA during 1992 to 1998. This is in contravention to the Note-sheet No.nil dated 17.07.1991 under letter No.DF/RAD/IT-14/91/3545, dated 29.07.91, page No.3- Method of Logging Rule 4(a) stipulated that “the stump to depot contract to be awarded on tender basis” and Chapter 7 of Financial Manual 1988.

The justifications for direct allotment of timber production contract to Karsang have been noted. Direct allotment of timber production contracts to other contractors were not in order. Besides, the contractors were also allowed to extract much more quantity of timber than approved quantities with time extension.

**4. Misappropriation of Nu. 0.75 million (FDC, S/Jongkhar).**

An amount of Nu.0.75 million were adjusted against extraction of 9,000.01 cft of timber at Pemagatsel against the advances taken by Range Officer, Pemagatsel from PTW account. It was established from the records that PTW operation was neither approved nor carried out in Pemagatsel.

Similarly, a sum of Nu. 0.155 millions was misappropriated by the Accountant and the Cashier, by forging the payment voucher during June to October 1999. The Ranger (Payee) claimed that the amounts were

altered in the payment vouchers after he had signed them. The joint investigation team verified the vouchers and found that the vouchers are fraudulently altered.

***Services of some of the officials involved were terminated. The case has been subjudice and the court verdict is awaited.***

**5. Payment without supporting documents (FDC, S/Jongkhar).**

Expenditure vouchers for total production of 56,197.48 cft of timber costing Nu. 1.055 millions were not available for verification during audit.

Similarly, expenditure vouchers for production of 33,427.63 cft of timber costing Nu. 0.867 million which were booked during 1993-1995, were not supported by documentary evidences such as challans and bills. As a result, species wise quantity could not be calculated.

**15. Negotiated sale of timber, worth Nu. 23.32 millions (FDC, S/Jongkhar).**

Timbers were sold through negotiation at various occasions. The reasons and the authority were not clearly recorded in the auction register where the negotiated sales were recorded.

The RAA has noted negotiated sale of timber valuing Nu.4.69 millions to Wood Based Industries and to private individuals valuing Nu.3.28 millions under proper order. Timber disposals to other individuals on negotiation were not covered under any rules.

Irregular sale to private individuals must be avoided in future.

**16. Fictitious Payment made in the name of the Range Officer, Pemagatsel.**

Payments shown as made to the Range Officer, Pemagatsel were found misused by the DFO and the Accountant in the manner shown in the Table1.37.

<b>Sl.No</b>	<b>Payment shown in the voucher</b>	<b>Amount (Nu. millions)</b>	<b>Actual payment made to</b>
1	Advance to range officer	0.05	Cheque issued and encashed by accountant and amount misappropriated
2	Advance to range officer	0.04	Self cheque drawn by DFO
3	Advance to range officer	0.10	Cheque issued in favour of Mr. Choeda, M/s Pelri Yangkhil Tshongkhang, Phuntsholing
4	Advance to range officer	0.29	Self cheque drawn by the accountant
5	Advance to range officer	0.06	Self cheque drawn by officiating DFO
6	Advance to range officer	0.18	Self cheque drawn by DFO
<b>Total</b>		<b>0.72</b>	

***Services of some of the officials involved were terminated. The case has been subjudice and the court verdict is awaited.***

**17. Non-realization of bills amounting to Nu.0.708 million and dues from M/S Kuenchap Wood Based Industries, Samdrup Jongkhar Nu. 0.455 million.**

Debtors' Ledger was not maintained to record credit sales. A list of bills for Nu.0.708 million pertaining to the period 1993-95 was lying unrecovered and Nu. 0.455 million from M/s Kuenchap Wood Based Industries.

***The RAA is informed that Nu. 0.212 million and Nu.0.094 million were realized from M/s Kuenchap Wood Based Industries and other Debtors respectively.***