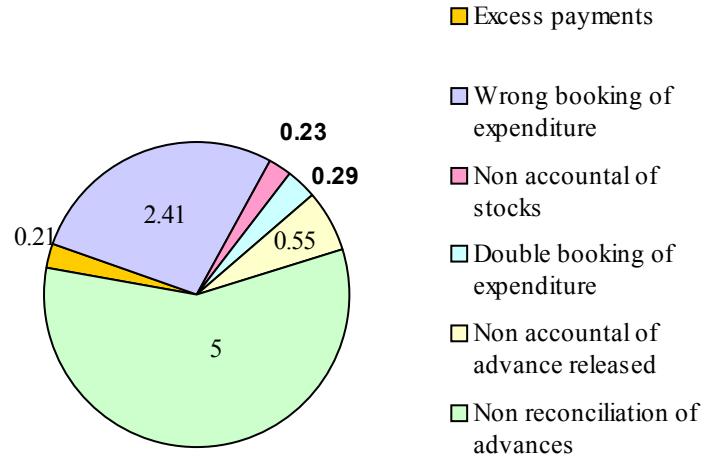


## CHAPTER IV

### Ministry of Health and Education

The Royal Audit Authority issued the Inspection Reports of the following agencies under the Ministry of Health and Education during the year 2001:

- ❖ Report of the Department of Health Services including the reports of UN projects; and
- ❖ Report of the GOI Assisted Projects.



Observations (Nu. millions)

**Table 1.14: Showing audit observations by different categories.**

Sl.No	Nature of Observations	Amount (Nu. Millions)	%
1	Outstanding Advances	13.98	61.68
2	Excess payments	0.21	0.91
3	Wrong booking of expenditure	2.41	10.63
4	Non accountal of stocks	0.23	1.01
5	Double booking of expenditure	0.29	1.28
6	Unconfirmed advance released by GOI Project, Thimphu	0.55	2.43
7	Non reconciliation of advances paid to suppliers and the materials received from the suppliers	5.00	22.06
<b>Total</b>		<b>22.67</b>	<b>100.00</b>

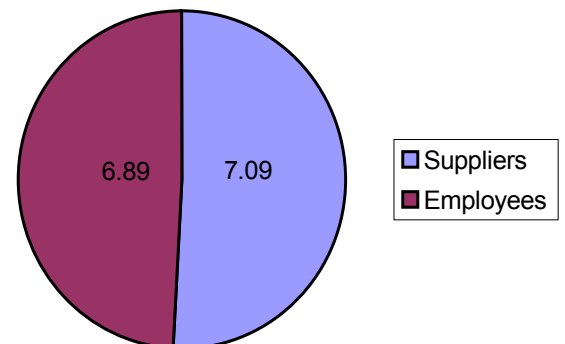
The Table 1.20 represents the actual scenario at the time of issuing the audit reports in 2001. The updated version of the contents of the above table is given under each observation in bold *Italic*.

### Major findings:

#### 1. Outstanding advances.

It was observed that over Nu.13.98 millions including advances for ongoing activities were lying as outstanding advances in the books of accounts of the Department of Health Services and the GOI projects. Advances were found to have been not adjusted/liquidated at the end of the financial year as required by the

Outstanding advances (Nu. millions)



Financial Manual. These advances are shown in the Table 1.15:

**Table 1.15: Showing the advances against various agencies.**

Sl.No	Agency	Paid to (Nu. millions)		
		Suppliers	Employees	Total
1	Department of Health Services		6.71	6.71
2	GOI assisted Health Project	7.09	0.18	7.27
<b>Total</b>		<b>7.09</b>	<b>6.89</b>	<b>13.98</b>

The RAA had raised concern over the issue and recommended vigorous follow up either to recover the advances or adjustments expedited.

***The Ministry of Health and Education has initiated actions to recover/adjust as appropriate after the issue of draft of this report in October 7<sup>th</sup> 2002. The current balance still stands at Nu.6.725 millions.***

## **2. Excess payments.**

Over Nu. 0.21 million found to have been paid in excess of what was actually payable. Such payments relate to the double payment of salary, payment to M/s Meditech Group for equipment not supplied by the firm, payment to M/s Druk Sherig Construction at the market rate for all the items deviated from the bill of quantities etc.

## **3. Wrong booking of expenditure.**

It was observed that GOI project management had incurred expenditures of about Nu.2.41 millions on purchase of Computers, Furniture, Hospital equipment and expenditures on travel outside the country. Without the budget provision for such activities, the expenditures were booked as expenditure on structure.

***The Ministry of Health & Education had informed the RAA that though the budget proposal was submitted in different object code, the Ministry of Finance had approved the different budget in one object code. The same was verified by the RAA, hence the issue stands resolved.***

## **4. Non accountal of stock.**

It was observed that 13.034 metric tons of Tor steel worth Nu. 0.23 million supplied through the MPU (PWD), Phuntsholing were not accounted in the records of the GOI project at Mongar. The project site engineer confirmed that the materials were not received by the project. Audit concluded possible misuse of the materials/the value of the materials. The project

management did not have a reasonable explanation to the audit observation. Physical verification revealed that the materials were diverted to the construction of filter clinic and type-I staff quarter at Thimphu.

***The project management had stated that initial orders for supply of construction materials for both projects at Mongar and Thimphu were placed with STCB. The Material Procurement Unit, P/ling was assigned the responsibility of lifting materials from STCB and dispatch to the concerned projects. Materials actually meant for Project in Mongar as addressed in the STCB bills were lifted for use in Thimphu.***

The joint verification team from RAA and project management verified the representation.

#### **5. Double booking of expenditure.**

The RAA detected that an advance of Nu. 0.29 million paid to M/s Zhongar Construction Company by the project management of the GOI project, Mongar was adjusted in the imprest account as well as the GPLC account.

***It was stated that the follow-up audit had noted the rectification of accounts carried out by the Project Management. Journal Voucher was prepared to rectify the accounts by debiting Nu.0.29 million to advance to contractors and by crediting the equivalent amount to expenditure on structure.***

#### **6. Unconfirmed advance released by GOI, Thimphu.**

The books of accounts of the GOI project Thimphu showed that an advance of Nu. 0.55 million shown as disbursed to Trashy Yangtse GOI projects. Cross verification of the advances released to that of advances received by the field office revealed that the advances of Nu. 0.55 million were not received by the field office.

***It was informed that the advance of Nu. 0.50 million were directly released by the GOI, Thimphu to a supplier and the other Nu. 0.05 million is yet to be accounted for.***

#### **7. Non reconciliation of advances paid to suppliers and the materials received from the suppliers.**

The GOI, Health Construction Project, Thimphu had been paying advances to suppliers for supply of construction materials to the project. It was however observed that reconciliation was not carried out to determine the exact position of materials and the advances outstanding with the suppliers. As a result over Nu. 5 millions were outstanding against the suppliers as on the date of audit. After the audit some book adjustments were carried out and Nu.0.25 million was recovered leaving a balance of Nu.0.056 million.

***All necessary reconciliations were made and the balance amount of Nu.0.056 million was deposited into the ARA.***