

Royal Bhutan Police

Table 1.50: Showing audit observations by different categories and the amount involved

Sl.No.	Nature of Observations	Amount (Nu. million)	%
1	Award of contracts on cut off point basis	70.58	94
2	Procurement of Ammunition boots on negotiat	1.69	2
3	Purchase without floating tenders	0.99	1
4	Loss arising from purchases made from other than the lowest bidder	2.09	3
	Total	75.35	100

Major Findings

1 Procurement of Ammunition boots on negotiated rates.

It was observed that the RBP had called the quotations for the uniforms valid for five consecutive years during the financial year 1997-98. The bid for the supply of ammunition boots was won by M/s Delhi Store, Phuntsholing that was later revoked due to firm not being able to supply on the time agreed. Although M/s Kumar & Sons were the second lowest bidder, purchase of ammunition boots worth Nu. 1.697 million were made from M/s Anil Stores whose initial bid was rejected by the purchasing committee on the ground that sample produced by the firm was of inferior quality. Notwithstanding the rejection of the initial bid of M/s Anil Stores, the RBP entered into negotiation with the firm without resorting to re-tendering procedures on the grounds of urgency. The negotiated rate was higher than the initial quotes submitted by the firm, which resulted in excess payment of Nu. 0.29 million. The excess payment was not contested and was repaid by the firm to the RAA account.

The excess payment was deposited into Audit Recoveries Account.

2 Purchase without floating tenders.

It was observed that prisoner's uniform worth over Nu. 0.99 million were purchased during the financial year 1999/2000 based on the 1998/1999 quotations. The RBP stated that procurement formalities could not be fulfilled due to the urgent requirement of uniforms.

The RAA is informed that the RBP shall comply with the procurement formalities as laid down in the Procurement Manual in its entire future contract works.

3 Award of contract based on Cut off points.

The Tender Committee of the Royal Bhutan Police awarded majority of the contract works based on the cut off points set by the committee. As a result contracts were not awarded to the lowest bidders but to the nearest bid to the cut off point. The RBP did not have a system of technical and administrative sanctions. The budget estimates and the final bills were often adopted as sanctions. The financial implication of the adoption of such a system was over Nu. 2 millions as detailed below:

Table 1.51: Showing instances of works awarded on Cut Off Point basis.

Sl.No	Name of the contract	Work awarded at Nu.	Lowest Bid Nu.	Difference	Name of the Contractor
1	Renovation of old CHPC quarters	3.25	2.99	0.26	Druk Chapchap Construction
2	Const. of PS cum lock up at Lhunsi	1.98	1.97	0.01	Jigme Dorji Construction
3	Const of class room at J T	3.22	2.83	0.39	Druk Chapchap Construction
4	Const of Dinning hall at Jigmeling	2.32	2.21	0.11	Gyeneen Construction
5	Const of Reservoir, Intake tank and external water supply at J/ling	0.95	0.93	0.02	Chanda Construction
6	Renovation of Ors quarter and retaining wall at Dagana	0.33	0.32	0.01	Lungten Construction
7	Const of 5 units Ors qrs at Samtsi	0.99	0.93	0.06	Tenzin Construction
8	Construction of external water supply facilities at Chamgang	0.29	0.29	-	Druk Tiger Construction
9	Construction of external drainage system at Chamgang	0.21	0.19	0.02	Lhakar Construction
10	Construction of 3 blocks double storey jail at Chamgang	22.84	22.84	-	Samdrup Norbu Construction
11	construction of compound fencing and duty room at S/Jongkhar	1.08	1.08	-	K P Construction
12	Const of barrack for RBAP at Tashigatsel	0.86	0.86	-	Phurba Construction
13	Const of 5 units Ors qrs at Panbang	2.04	2.04	-	Druk Chapchap Construction
14	Construction of 2 blocks of 24 units Ors quarters at Thimphu	9.63	9.33	0.30	Tshenden Const.
15	Const of General Office at Thimphu	5.12	4.97	0.15	Phub Brothers
16	Const of 20 units Ors qrs at C/kothi	6.09	5.95	0.14	K Dorji Const.
17	Construction of external water supply facilities at Chamgang	0.90	0.90	-	Dophu Const
18	Const of 5 units Ors qrs at Duksum	1.82	1.82	-	Tenzin Construction
19	Const of 5 units Ors qrs at Duksum	1.86	1.72	0.14	D Kuenden Const
20	Const of Ors qrs at Dechencholing	1.64	1.58	0.06	Jabab Const
21	Construction of Ors qrs at Lhuntse	3.10	2.47	0.63	Rabgay Const.
	Total financial implication	70.52	68.22	2.30	

The Royal Bhutan Police (RBP) had intimated the RAA that all the future contract works shall not be awarded on “Cut off Point” basis.

Action taken on individuals responsible for lapses is yet to be intimated to RAA.

4 Loss arising from purchases made from other than the lowest bidder.

Under the five consecutive years quotation arrangements, the RBP procured uniforms of Police personnel for the years 1998-1999 and 1999-2000. It was however observed that purchases were not regulated as per the quotations/comparative statements as the purchases were not made from the lowest bidder. This had resulted in an excess expenditure of Nu. 2.095 millions.

The RBP stated that the selection criteria of uniforms were based on the quality and not the rates quoted by the suppliers. The RBP, however, had undertaken to put in every effort to improve the systems and follow the procedure.

The RAA is yet to be intimated on the administrative actions taken by competent authorities on officers responsible for the above several lapses.