

Ministry of Agriculture.

The Royal Audit Authority during the year 2002 had issued twenty nine inspection reports of agencies under the Ministry of Agriculture. The following officials headed the ministry and the departments under it in the year 2002:

| Sl. No | Name of Office bearers | Designation |
|--------|-------------------------|---|
| 1. | Lyonpo Dr.Kinzang Dorji | Minister |
| 2. | Dasho Sangay Thinley | Secretary |
| 3. | Tenzin Dhendup | Director, Department of Agriculture & Livestock Services (DALSS). |
| 4. | Ugyen Thinley | Director, Department of Forestry Services. |
| 5. | Dr. Pema Chhophel | Director, Research, Extension & Irrigation Division |
| 6. | Sonam Wangdi | Deputy Secretary, Administration & Finance Division. |

The following table exhibits the summary of the findings in a consolidated form:

Table 1.5 showing summary of the observation by category code and the amount involved.

| Sl. No. | Observation in brief | Amount (Nu.Million) | % | Category code |
|---------|---|---------------------|------------|---------------|
| 1. | Outstanding Advance. | 14.92 | 59.82 | 1 |
| 2. | Procurement without tender. | 6.48 | 25.98 | 3 |
| 3. | Payment without measurement. | 1.01 | 4.05 | 18 |
| 4. | Irregular/inadmissible payment. | 1.00 | 4.01 | 8 |
| 5. | Non-accountal of advances. | 0.37 | 1.48 | 16 |
| 6. | Others. | 0.28 | 1.12 | 18 |
| 7. | Irregular booking of Expenditure. | 0.27 | 1.08 | 12 |
| 8. | Loss due to unauthorized reduction in selling rate of timber. | 0.19 | 0.76 | 18 |
| 9. | Payment for works not executed. | 0.12 | 0.48 | 14 |
| 10. | Irregular Diversion of fund. | 0.11 | 0.44 | 18 |
| 11. | Excess payment. | 0.07 | 0.28 | 6 |
| 12. | Avoidable payment. | 0.06 | 0.24 | 5 |
| 13. | Misappropriation. | 0.04 | 0.16 | 9 |
| 14. | Non-deductions of taxes. | 0.02 | 0.08 | 15 |
| | Total | 24.94 | 100 | |

Major findings:

1. Outstanding advance Nu.14.92 million.

The Ministry of Agriculture had Nu.14.92 million lying unadjusted/uncollected in the hands of suppliers, contractors and employees till date of audit. Agency wise summary of total advances outstanding are given in the table 1.6:

Table 1.6 showing agency wise outstanding advances.

| Sl. No. | Agency | Amount (Nu.Million) | Remarks |
|---------|--|---------------------|---|
| 1 | RNR-RC Yusipang. | 0.25 | Out of Nu.8.40 million written off by Minister For Agriculture, Nu.6.15 million is from the books of accounts of DALSS, Nu.1.57 million from DRDS and Nu.0.70 million from the Secretariat. These write-off amounts are not incorporated against the balances reflected against them. |
| 2. | National Biodiversity Centre, Serbithang. | 0.48 | |
| 3. | Department of Forestry Services. | 0.54 | |
| 4. | Department of Research & Dev. Services (DRDS). | 2.87 | |
| 5. | RVEC, Serbithang. | 0.13 | |
| 6. | DALSS. | 6.87 | |
| 7. | Land Use and Natural Resource Planning III. | 0.29 | |
| 8. | RNR-Ext. Support Project. | 1.24 | |
| 9. | Secretariat, Ministry of Agriculture. | 2.01 | |
| 10. | Trashi Yangtse(SEZAP Fund. | 0.24 | |
| | Total | 14.92 | |

It was noted that 89% of advances reflected under MoA Secretariat pertained prior to FY 1996-97. All dues not collected beyond the admissible period must attract Commercial Interest to be paid by the officers responsible.

Auditee's response:

The RAA was intimated that the respective managements are making efforts to recover the outstanding advances/balances and was also informed that the Hon'ble Minister, Ministry of Agriculture had written off irrecoverable advances totalling Nu.8.329 million from the books of accounts of Department of Research & Development, Department of Agriculture & Livestock Support Services and the Secretariat. It was also submitted that adjustment to the tune of Nu.4.32 million have been effected thereby leaving an overall balance of Nu.2.27 million only.

Who is accountable?:

Until such time the outstanding advances/balances are fully liquidated in audit and the adjustment reportedly made is verified the accountability is fixed on the Head of AFD and Paying and Disbursing officers. With regard to the amount written off against M/s STCB of Nu.3.04 million, Contractors of Nu.0.43 million and Bhutan Oil

Distributor (BOD) of Nu.0.09 million needs to be reviewed as the individual and legal entity such as M/s STCB and M/s BOD still exist.

2. Irregular/inadmissible payment Nu.1.00 million.

Various agencies under the Ministry of Agriculture had paid irregular/inadmissible payment amounting to Nu.1.00 million to individuals and third parties. Agencies involved and the amount paid are detailed in the table 1.7:

Table 1.7 showing agency wise instances of irregular / inadmissible payment.

| Sl. No. | Agencies | Amount (Nu.Million) |
|----------------|---|----------------------------|
| 1. | RNR-RC, Yusipang. | 0.07 |
| 2. | DFO, Paro. | 0.02 |
| 3. | National Biodiversity Centre. | 0.07 |
| 4. | BFI, Taba. | 0.11 |
| 5. | Divisional Forest Office, Paro. | 0.07 |
| 6. | Land Use and Natural Resource Planning III. | 0.10 |
| 7. | Land Use and Natural Resource Planning III. | 0.02 |
| 8. | Project Facilitation Office (SEZAP). | 0.27 |
| 9. | Mongar Dzongkhag (SEZAP). | 0.11 |
| 10. | Land Use and Natural Resource Planning III. | 0.16 |
| | Total | 1.00 |

The descriptive but brief details of each of the above inadmissible payments are as under:

- A.** RNR-RC, Yusipang had paid a sum of Nu.0.07 million to one programme officer for attending duty at Archery Tournament at Changlingmithang for two Financial Years. The amount was not budgeted and the payment thus made was not in line with the rules in vogue and stands recoverable.

Similarly, DFO, Paro had paid Nu.0.02 million as TA/DA to one of its staff who was nominated to join the ministry's team. The office order nominating him had no mention about his entitlement of TA/DA. Though it was regularized by Honourable Minister RAA found out that it was not within the delegation of authority laid down in the Financial Rules and Regulations and the amount stands recoverable.

Auditee's response: *The agencies have not responded appropriately as of date.*

Who is accountable?: *The accountability for such lapses is fixed on the Program Director until such time the amount so paid is deposited into audit recoveries account.*

B. The National Biodiversity Centre had paid Nu.0.07 million as DSA without supporting documents such as legitimate air tickets, proper travel claims.

Auditee's response: *Some supporting documents were produced to audit except air ticket.*

Who is accountable?: *Since air ticket- a mandatory requirement for claims relating to travel outside Bhutan is not produced for verification, the accountability is fixed on the Program Director.*

C. BFI, Taba had paid Nu.0.11 million to its instructors on account of leave encashment. The Civil Service Rule stipulates that "A member of the Teaching Cadre enjoying Annual Vacation shall not be entitled to earn leave".

Auditee's response: *BFI submitted that the institute do not follow a vacation system like other educational institutes as duration of training is of one year only.*

Who is accountable?: *Unless the rule is clarified by the competent authority in such a way that entitles the BFI instructors for a leave encashment the accountability is fixed on the principal.*

D. The Divisional Forest Office, Paro had paid Nu.0.07 million on account of residential telephone charges of the officer in charge in contravention to the circular issued by the Ministry of Finance.

Auditee's response: *The DFO, Paro submitted that the payment of residential telephone charges were regularised by the honourable minister. It was also submitted later that after reviewing the residential bills the management found out recoverable private calls of Nu.0.013 million only.*

Who is accountable?: *Since the payment was clearly against the financial rules and regulations and that any exceptions to these rules can only be made by Ministry of Finance, the accountability for such lapses is fixed on the Divisional Forest Officer, until the amount is deposited into Audit Recoveries Account.*

E. The Land Use and Natural Resource Planning III had paid Nu.0.10 million on account of overtime payment in addition to normal DSA to the data punchers for RNR census. The payment of overtime allowances is not covered under the Civil Service Rules in force.

Auditee's response: *The management submitted that the payment had to be made since block wise data had to be punched on deadline to be ready for 9th Five Year Plan*

and for which approval was sought from the minister.

Who is accountable?:

Since the payment of overtime is not covered under the Bhutan Civil Service Rules the accountability is fixed on the project manager.

- F.** The Land Use and Natural Resource Planning III had incurred Nu.0.02 million towards the cost of dinner/breakfast in deviation to the circular issued by the ministry.

Auditee's response:

It was submitted that it was a private dinner and that some amount was paid in excess for which recovery will be effected from the hotelier. The Project manager however had deposited the whole amount on 2-10-03.

Who is accountable?:

Until such time the irregular payment made is deposited into audit recoveries account the accountability is fixed on the Project Manager.

- G.** The PFO (SEZAP) and other agencies executing SEZAP activities had made an irregular muster roll payment of Nu.0.27 million approximately. The muster roll payment had no thumb impression and other requirement such as attendance register. The audit observed that some construction of farm roads included free labour contribution from the beneficiaries for which muster roll payment made were not justified and stands recoverable.

Auditee's response:

The project management had submitted that it was the Dzongkhag who was mainly responsible for implementing the activities and the Department of Budget & Accounts have been traditionally releasing the budget to the Dzongkhag under this project for execution. It was also stated that the management was involved only in planning the activities.

Who is accountable?:

Until such time the issue in question is resolved in audit the accountability is fixed on the Dzongdags responsible for executing SEZAP activities.

- H.** The Mongar Dzongkhag, one of the executing agencies of SEZAP activities had paid Nu.0.11 million to Central Machinery Unit, Paro towards hire charges of heavy earth moving equipments from Paro to Mongar. It was stated that the equipment was for the construction of Thangrong-Chaskhar Farm road. But audit had found out that the said equipment had never reached its intended destination. The amount along with Commercial Interest stands recoverable.

Auditee's response: *Neither the Project Facilitation Office (PFO), Khangma nor Dzongkhag Administration, Mongar had submitted any response on this matter as of date.*

Who is accountable?: *Until such time the issue in question is resolved in audit the accountability is fixed on the Dzongdag, Dzongkhag Administration, Mongar.*

- I. The Land Use and Natural Resource Planning III had made some advance payments to the enumerators amounting to Nu.0.16 million without maintaining any supporting documents to justify. Therefore, auditors could not ascertain whether the advances were actually paid to the enumerators.

Auditee's response: *The Project Management submitted that the documents are maintained and that advances were accounted and adjusted.*

Who is accountable?: *Until such time the response given is verified by audit the accountability is fixed on Project Manager.*

3. Misappropriation Nu.0.04 million.

The Accounts Personnel of DFO, Bumthang had initially shown the amount of Nu.0.04 million as remitted to National Pension Board as PF contribution but the verification revealed that it was misused. The amount along with interest components of 16 % was deposited into Audit Recoveries Account.

Auditee's response: *The amount compounded with interest was deposited into audit recoveries account.*

Who is accountable?: *The accountability for such mischief is fixed on the accountant.*

4. Missing of 7 mithuns.

The audit found out the correspondences indicating the missing of 7 Mithuns at Regional Mithun Breeding Farm, Wangkha. The Head quarter had asked the management to fix the responsibility. Neither the management fixed the responsibility nor did the head office fix the accountability.

Auditee's response: *The management submitted that because of semi-wildness nature of Mithun missing of them in the forest is not uncommon and that it is not due to negligence. It was submitted that the value of missing Mithuns was written off by Hon'ble Lyonpo, Ministry of Agriculture.*

5. Non-accountal of advances Nu. 0.37 million.

Audit had found out that the advance of Nu.0.37 million paid to M/s Druk Tshongkhang for the cost of scooters were not accounted for in the relevant books of accounts.

Auditee's response: *It was submitted that the department is in the process of verifying the payment made to Druk Tshongkhang and that the reconciliation statement would be submitted in due course of time.*

Who is accountable?: *Until such time the RAA is informed of the outcome the accountability is fixed on the Director, DALSS, MoA.*

6. Irregular booking of expenditure Nu.0.27 million.

Expenditure incurred but not booked/charged in accordance to the budgetary norms of the Royal Government aggregated to Nu.0.27 million. Agencies who were responsible for such irregular practices and the amount involved are given in the table 1.8:

Table 1.8 showing agencies involved in irregular booking of expenses.

| Sl.No | Agencies responsible | Amount (Nu.Million) |
|--------------|--|----------------------------|
| 1. | Third Forestry Development Project, Khangma | 0.10 |
| 2. | Bhutan Forestry Institute, Taba. | 0.01 |
| 3. | Bhutan Forestry Institute, Taba. | 0.03 |
| 4. | Deptt. Of Agriculture & Live Stock Support Services. | 0.13 |
| | Total | 0.27 |

The descriptive details of each transaction are as under:

A. Booking of Nu.0.10 million as final expenditure.

It was observed from the paid voucher of Third Forestry Development Project, Khangma (TFDP) that amount of Nu.0.10 million released to Head of AFD, MoA towards the contribution for RNR Conference was booked as final expenditure without obtaining the supporting bills for the expenses incurred during the RNR Conference.

Auditee's response: *The project management had submitted the adjustment details to the RAA on 1.10.03.*

Who is accountable?: *Until such time the response given is verified by audit the accountability is fixed on the Project Manager.*

B. Excess booking Nu.0.01 million.

Bhutan Forestry Institute, Taba had Nu.0.01 million booked in excess. There was no fund surrender letter and the Bank Reconciliation statement to authenticate its actual utilization.

Auditee's response: *The management submitted that amount of excess booking will be deposited into Audit Recoveries Account.*

Who is accountable?: *Until such time the amount is deposited into Audit Recoveries Account the accountability is fixed on the Principal.*

C. Direct booking of expenditure Nu.0.03 million.

Bhutan Forestry Institute, Taba had Nu.0.03 million withdrawn through self cheque but no expenditure in relation to this amount was reflected in the cash book.

Auditee's response: *The management submitted that due to shortage of money for mess account in the field the money was withdrawn through self cheque and that it was adjusted later.*

Who is accountable?: *Financial discipline must be observed at all time. The response given was sort of a management problem, the accountability is fixed on the Principal.*

D. Double adjustment Nu.0.13 million.

A bill for Nu.0.13 million of M/s Druk Tshongkhang on account of supply of four scooters was booked in the revolving fund account. The Scooters were actually purchased under RNR Extension Project.

Auditee's response: *The department submitted that by mistake an adjustment entry was made in revolving fund account resulting in overstatement of credit in favour of Druk Tshongkhang and that the mistake is now rectified.*

Who is accountable?: *Until such time the mistake rectified is further verified by audit including its corresponding effects the accountability is fixed on Head, Administration and Finance Division.*

7. Payment without measurement Nu.1.01 million.

Agencies under the Ministry of Agriculture paid Nu.1.01 million to contractors without taking the measurement. The agencies responsible and the amount involved are given in the table 1.9:

Table 1.9 showing agencies that made payment without measurements.

| Sl. No. | Agencies responsible | Amount (Nu.Million) | Remarks |
|----------------|---|----------------------------|--------------------------------------|
| 1. | Bomdeling Wildlife Sanctuary. | 0.99 | Construction of main office complex. |
| 3. | Regional Veterinary Laboratory, Bumthang. | 0.02 | |
| | Total | 1.01 | |

The descriptive details of each transaction are as under:

- A.** Some of the payments for ordinary and hard rock cutting on the construction of main office complex of **BWS, Gallery, Guest House** etc were found made on % basis rather than on actual measurement. Such payment amounted to Nu.0.99 million.

Auditee's response:

The park management submitted that the measurements were not taken due to the lack of technical manpower besides it was practically not possible to measure the rock/boulders piece by piece.

Who is accountable?:

The response is not tenable in audit. Bhutan Schedule of Rates clearly specifies the three dimension measurement to be adopted for making such payment, therefore accountability for such lapses is fixed on the Park Manager.

- B.** The **RVL, Bumthang** had Nu.0.02 million approximately paid to the contractor for which the value of work done was not found recorded in the Measurement Book.

Auditee's response:

It was submitted that the measurement for work done was not recorded stating that the work was given to the contractor on negotiation.

Who is accountable?:

The Officer In-charge is held accountable for executing works without complying with the formalities as required.

8. Excess payment Nu.0.07 million.

The MoA Secretariat had made excess payment to the tune of Nu.0.07 million to M/s Druk Printers on account of Xeroxing of Act Books on Pesticide, Seed etc.

Auditee's response:

The MoA submitted that such works are normally given on work order basis but on emergencies such procedures are bypassed and the proper verification and other formalities are completed subsequently. On 29.9.03 the Ministry of Agriculture deposited the amount into Audit Recoveries Account.

9. Procurement without tendering Nu.6.48 million.

The Ministry of Agriculture had awarded works valuing Nu.6.48 million without opting for competitive bidding as required in the Procurement Manual. The details are outlined in the table 1.10:

Table 1.10 showing agencies that awarded the work without tendering.

| Sl. No | Work awarded by | Amount (Nu.Million) | Remarks |
|--------|---------------------------------------|---------------------|--------------------------------------|
| 1. | Divisional Forest Office, S/jongkhar. | 0.02 | Procurement of vehicle spare parts. |
| 2. | Trashiyangtse (SEZAP activities). | 6.46 | Construction of Bumdiling farm road. |
| | Total | 6.48 | |

The descriptive details of each transaction are as under:

A. Purchases without quotation Nu.0.02 million.

The **DFO, S/Jongkhar** had procured vehicle spares worth Nu.0.02 million without adhering to the procurement norms.

Auditee's response:

The management had not submitted any responses.

Who is accountable?:

Until the issue is satisfactorily resolved in audit the accountability is fixed on the Divisional Forest Officer.

B. The Trashy Yangtse Dzongkhag, one of the executing agencies of SEZAP activities had awarded the construction of Bumdiling farm roads to **M/s Druk Construction Company** without tendering. The total value of such works was Nu.6.46 million.

Auditee's response:

The project management had submitted that it was the Dzongkhag who was mainly responsible for implementing the activities and the Department of Budget & Accounts have been traditionally releasing the budget to the Dzongkhag under this project for execution. It was also stated that the management was involved only in planning the activities. It was also stated that M/s Druk Construction Company had given 2 % less than the subsidised rate available at Central Machinery Unit, Bumthang.

Who is accountable?:

Until the issue is satisfactorily resolved in audit the accountability is fixed on the Dzongdag, Dzongkhag Administration, Trashiyangtse.

10. Payment for works not executed Nu.0.12 million.

The Divisional Forest Office (DFO), Mongar had paid Nu.0.12 million on items of work which was not executed or partly executed. This was found out during the site visit conducted jointly by the audit team and the Dzongkhag/PFO Engineers and Range Officers.

Auditee's response:

The DFO, Mongar submitted that all the amounts except from M/s Nagtshomo Construction of Nu.0.02 million have been recovered and deposited into audit recoveries account.

Who is accountable?:

Unless the whole of the amount is deposited into audit recoveries account the accountability is fixed on the engineer of DFO, Mongar.

11. Allotment/sale of teak timber at lower than government approved rate-Loss of Nu.0.19 million.

The Senior Official in the Forestry Services Division had approved the rate for timber for Wood Based Industries and Export on special case allotment at Nu.255.57 per Cft. On the contrary, audit had found out that the DFO, S/Jongkhar had realised the proceeds at varying rates resulting into a financial loss of Nu. 0.19 million.

Auditee's response:

The DFO submitted that the rate applied to the special cases allotments were based on the approval of the Head of Department of Forestry Services.

Who is accountable?:

The reply is not tenable in audit unless it is substantiated by evidences, therefore, the accountability is fixed on the DFO.

13. Irregular Diversion of Fund Nu.0.11 million.

During the Fiscal Year 2000-2001 the Project Facilitation Office Khangma had paid Nu.0.36 million to DFO, S/Jongkhar for the maintenance of plantation. It had utilized Nu.0.21 million for the intended purpose, surrendered Nu.0.04 million to the PFO, Khangma and diverted the rest of the fund for some other works without approval from the competent authority.

Auditee's response: *The project management/DFO, S/Jongkhar had not submitted any response on this issue.*

Who is accountable?: *Until the issue is satisfactorily resolved in audit the accountability is fixed on the Project Facilitation Officer and DFO S/Jongkhar.*

14. Avoidable payment of Nu.0.06 million.

The Ministry of Agriculture had evaluated a tender for the supply of Xylane HCL (30 ml vial) for which offer from M/s Indian Immunological was found the most competitive bid. The rate offered was Nu.235/ 30 ml vial.

Ironically, the orders for the supply of the said item was placed to M/s Karma Tshongkhang who did not quote the rate in the tender document and that too at the supply rate of Nu. 283 per 30ml Vial as against the M/s Indian Immunological's offer rate of Nu.235.00.

Such decision had cost the National Exchequer an avoidable expenditure of Nu.0.06 million (1300 x (283-235)). The difference in the rate must be made good by the officer responsible for the change in decision.

Auditee's response: *The Ministry of Agriculture had submitted that though the tender had been called, supply order were not placed because an emergency situation cropped up that compelled the ministry to procure from Karma Tshongkhang at the previous year's tendered rate.*

Who is accountable?: *Since the procurement of such item appears to be of annual feature, proper procurement planning needs to be in place for which the accountability is fixed on the Director, Department of Agriculture & Livestock Services and Stores Officer, Ministry of Agriculture, Phuntsholing.*

15.Non-recovery of the cost of motor cycle supplied Nu.0.04 million.

One Veterinary Officer had taken the delivery of a Bajaj Cable Motor Cycle from the supplier without allotment order. Neither, the officer who took the delivery nor the Ministry initiated any recovery for the cost of Motor Cycle until such time the audit had pointed out.

Auditee's response: *The MoA submitted that based on audit findings immediate corrective action has been taken for recovery of the cost of Motorbike from the officer responsible. The current balance is stated to be of Nu.0.01 million only.*

Who is accountable?: *The accountability for this is fixed on the Veterinary Officer, Regional Veterinary laboratory, Khaling until the whole amount is recovered with Commercial Interest..*

16.Non-deduction of 2% TDS Nu.0.02 million.

The Land Use and Natural Resource Planning III had not made a statutory deductions amounting to Nu.0.02 million from various suppliers bills.

Auditee's response: *The project management had submitted that it had recovered some amount and deposited into Audit Recoveries Account and had also undertaken to recover the balance amount.*

Who is accountable?: *Until such time the whole of the amount of TDS not deducted is received in audit the accountability is fixed on the Project Manager.*

17.Non-production of tender documents Nu.0.24 million.

The Land Use and Natural Resource Planning III had not produced quotations/tender documents pertaining to photocopying and accessories valuing Nu.0.24 million to audit for verification and review. Therefore, reasonableness of rates could not be ascertained.

Auditee's response: *The management had not submitted any response on this issue.*

Who is accountable?: *Until such time the required document is received in audit the accountability is fixed on the Project Manager.*
