

Penden Cement Authority Limited.

Besides the statutory audit conducted by Chartered Accountant Firms from India, the Royal Audit Authority also conduct regulatory audit. This includes corporate bodies where government has major interests. The Penden Cement Authority Limited (PCAL)is one of such agencies. The following personnel occupied the various portfolios of the corporation in the year 2002.

Sl.No	Name of Office bearers	Designation
1.	Lyonpo Khandu Wangchuk	Chairman
2.	Tshering Phuntsho	Managing Director
3.	Guha Thakurta	Finance Manager

Table 1.42 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.	8.32	98.58	1
2.	Irregular/inadmissible payment.	0.12	1.42	8
	Total	8.44	100	

Major Findings:

1. Irregular/inadmissible payment of sitting fees to the invitees Nu.0.12 million.

During the various Board and Annual General Meetings in the year 1998, 1999 and 2000, sitting fees to the tune of Nu.0.12 million were found paid to the invitees.

Companies Act 1989 states that, sitting fees are to be paid only to the Board of Directors as remuneration.

Auditee's response:

The management of PCAL submitted that the payment to Board of Directors are guided by the provisions of the Company Act where as payments to employees are made with approval of the Board/Managing Director. It was also stated that the principle of payment of sitting fees to invitees was approved by the Board.

Who is accountable?:

Since the Company's Act of the Kingdom of Bhutan did not stipulate the payment of sitting fees to the invitees regardless of who approved it, the Managing Director is held accountable.

2. Transfer of Hollow-Brick Project- Default in the payment of instalments.

The Ministry of Trade and Industry and Mr. Passang Dorji of Ada, Wangdi had signed an agreement on the transfer of Hollow Brick Project to the latter. The total cost of the project was Nu.3.71 million approximately to be spread over 5 years and the payment to be made in 20 equal quarterly instalments. Auditors had found out serious default in payment of instalments. The management had not invoked penalty clause of the agreement.

Auditee’s response: *The management of PCAL had asked the audit to refer the observation to the Ministry of Trade and Industry with whom the agreement was drawn.*

Who is accountable?: *Until the issue is satisfactorily resolved in audit the Managing Director is held accountable.*

3. Unadjusted advance of Nu.8.32 million.

As per the record, an amount of Nu.8.32 million was lying outstanding against the employees. Overdue advances beyond the period admissible be accounted for with Commercial Interest in Audit Recoveries Account by the Managing Director and the Finance Manager.

Auditee’s response: *The RAA was informed that salary advances & Car/CPF advances from the employees are being regularly recovered as per the service rules and that for other advances regular follow-up actions were being taken up for liquidation.*

Who is accountable?: *Until such time the whole of the advances with Commercial Interest are liquidated the Managing Director and Finance Officer, PCAL are held accountable.*
