

Dungsum Cement Project Authority.

The following personnel occupied the various portfolios of the corporation in the year 2003:

Sl. No.	Name of Office Bearers	Designation
1.	Lyonpo Yeshe Zimba	Chairman
2.	Tashi Tshering	Dy. Managing Director

Summary of the significant observations is given in the table below:

Table 1.32 showing summary of the observations by category code and the amount involved.

Sl. No.	Observation in brief	Amount (Nu. Million)	%	Category code
1.	Non-realization of hire charges	0.176	43.89	18
2.	Shortage of materials/books	0.146	36.41	11
3.	Outstanding advance	0.079	19.70	1
	Total	0.401	100.00	

Major findings:

1. Non-realization of hire charges - Nu.0.176 million.

The Bull Dozer belonging to the company was hired out to the M/s Gyaltshen Construction, Gelephug on two separate occasions for 21.5 days @ Nu.13,596 per day. Out of the total hire charges a sum of Nu.0.176 million still remained to be collected.

Auditee's response:

The project authority had submitted that the due amount is collected from the firm and deposited into audit recoveries account.

Who is accountable?:

The Cheque drawn in favor of the audit recoveries account was dishonored by the Bank of Bhutan due to error in preparation. Therefore, the project authority is held accountable to get the right thing done.

2. Shortage of materials/books - Nu.0.146 million.

A. The physical verification of the stores conducted by a joint team of auditors and company officials found that materials worth Nu.0.075 million and books/references valuing Nu.0.010 were found lesser than what was reflected in the respective ledgers.

Auditee's response: *The management submitted that the value of materials accumulated during the period 1983 to December 2000 was estimated at Nu. 4.517 million. Considering the value of inventory, the amount of irregularities as noted is very insignificant, say about 1.06%, therefore, write-off be considered.*

Who is accountable?: *The write-off approval from the competent authority will have to be furnished to the RAA to form its final opinion. With regard to missing of books/references the project authority must recover the equivalent cost and the responsibility to do so shall fall on the project management.*

B. Similarly, on a comparison of stock balance with the list of items auctioned, items retained for future use and list of obsolete/unserviceable items revealed some discrepancies including shortages valuing Nu.0.061 million.

Auditee's response: *The project management had submitted that reconciliation exercise would be attempted and the final outcome intimated to the RAA.*

Who is accountable?: *The reconciled stock account must be furnished to the RAA or else the concerned dealing official shall be held accountable to make good the shortages.*

3. Outstanding advance - Nu.0.079 million.

A sum of Nu.0.079 million remained outstanding against the different parties. The project management is advised to take immediate action to recover the outstanding dues.

Auditee's response: *The management submitted that efforts would be made to recover/adjust the outstanding dues immediately.*

Who is accountable?: *The project management should take stringent measures to recover the outstanding dues with commercial interest of 16 % p.a. The accountability for this shall fall on the finance section of the project authority.*