

## Ministry of Agriculture.

The Royal Audit Authority during the year 2003 had issued 37 inspection reports of agencies under the Ministry of Agriculture. The following officials headed the ministry and the departments under it in the first half of the year 2003:

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

The following officials headed the ministry and the departments under it in the later half of the year 2003:

Sl. No.	Name of Office Bearers	Designation
1.	Lyonpo Sangay Ngedup Dorji	Minister
2.	Dasho Sangay Thinley	Secretary
3.	Sherub Gyeltshen	Director, Department of Agriculture
3.	Dasho Dawa Tshering	Director, Department of Forestry Services
4.	Tenzin Dhendup	Director, Department of Livestock
5.	Dr. Pema Chhophel	Director, Council of Research & Extension
6.	Sonam Wangdi	Head, Administration & Finance Division

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

*Table 1.9 showing summary of the observations by category code and the amount involved.*

Sl. No.	Observation in brief	Amount (Nu. Million)	%	Category code
1.	Outstanding advance	2.927	25.79	1
2.	Non-derivation of utility	0.000	0.00	18
3.	Excess/over payment/expenditure	0.215	1.91	6
4.	Inadmissible payment	0.532	4.69	8
5.	Non-availability of items	0.000	0.00	11
6.	Non-enforcement of contract terms	0.053	0.47	7
7.	Outstanding credit sales	5.673	49.98	2
8.	Shortage of revenue	0.915	8.06	11
9.	Non-availability of accounts	0.343	3.02	18
10.	Outstanding royalty	0.043	0.38	2
11.	Non-deduction of tax/rentals	0.205	1.81	15
12.	Payment without supporting documents	0.057	0.50	18
13.	Non-accountal of advance	0.360	3.17	16
14.	Payment for works not executed	0.025	0.22	14
	<b>Total</b>	<b>11.348</b>	<b>100.00</b>	

## Major Findings:

### 1. Outstanding advance - Nu.2.927 million.

Various agencies under the Ministry of Agriculture had in their books of accounts a sum of Nu.2.927 million lying outstanding against different employees, suppliers and contractors. Advances of some agencies were very old and dated as far back as 1999-2000. It was apparent from the records that accumulation of advances was due to release of subsequent/frequent advances without liquidating the initial advances. Agency wise summary of the amounts are as given in the table below:

*Table 1.10 showing Outstanding advances of the agencies under Ministry of Agriculture.*

Sl. No.	Agencies	Amount (Nu. Million)	Remarks
1.	National Soil Service Centre, Semtokha.	0.037	
2.	Nature Conservation Division.	0.568	Balance of initial advance of Nu.0.623 million.
3.	Nature Conservation Division.	0.013	
4.	RNR-ESP	0.112	
5.	AMC, Paro	0.548	
6.	Central Machinery Unit, Bumthang	0.397	
7.	Divisional Forest Office, Sarpang	0.049	
8.	National Warm Water Fish Culture Centre	1.203	
	<b>Total</b>	<b>2.927</b>	

**Auditee's response::** *While fewer agencies had not responded at all others submitted that an action to recover the advances would be thoroughly pursued and deposited into audit recoveries account.*

**Who is accountable?:** *The accountability to recover and deposit into audit recoveries account with commercial interest of 16% per annum is fixed on all the Officer In-Charge, Drawing & Disbursing Officer and concern Finance Officers.*

### 2. Non-derivation of utility from Depot office.

The Integrated Forest Management Project (IFMP) as depot office in Shinghar village, Ura, constructed a two-storied building with four units. The construction had not been completed when the IMF Project was terminated. The building was around 90% complete when it was handed over to the Park Management. However the building as of now remained idle with the paneling and the flooring of the ground floor dismantled and few ekra walls damaged.

**Auditee's response:** *The Park office did not foresee any usage of the building since its headquarter is located at Ura. However, we have nominated a caretaker until unfortunately the Department of Budgets & Accounts discontinued the budget provision for the same.*

*The Park Office has also submitted a proposal to WWF for supporting the completion of the building and put it into a better use by converting into an eco lodge. Further, we have been proposing the completion of the building even during the yearly budget discussion. However, the two proposals did not materialize as there was no response from the donor or there was a budget constraint.*

**Who is accountable?:** *The responsibility of bringing it into productive use rests on the Ministry of Agriculture. The Department of Forestry is also held accountable for the lapses.*

### 3. Excess/over expenditure - Nu.0.215 million.

Various agencies under the Ministry of Agriculture had made payments either over or excess of what was actually admissible. A summary of the transactions and agencies involved are given in the table below:

**Table 1.11 showing agencies that made excess payments and the parties involved.**

Sl. No.	Agencies involved.	Amount (Nu. Million)	Amount paid to.
1.	National Nublang Breeding Farm	0.035	M/s Jigme Dorji Construction, Wamrong.
2.	DFO, Tsirang	0.090	M/s Ngotong Construction.
3.	Nature Conservation Division	0.033	Dorji Wangchuk
4.	NRTI, Lobeyasa	0.022	Civil Servants on transfer
5.	AMC, Paro	0.010	Civil Servants on transfer
6.	DFO, Tsirang	0.025	
	<b>Total</b>	<b>0.215</b>	

Brief details of the transactions are given here under:

**A.** The compound fencing work at National Nublang Breeding Farm, Tashi Yangphu was found awarded to M/s Jigme Dorji Construction, Wamrong. Verification of paid bills revealed payments for fixing of 810 angle posts as against 766 numbers actually found fixed at the site, thus resulting into over payment of Nu.0.035 million.

**Auditee's response:** *The management submitted that the number of angle post found out by audit is not correct. It was stated that they have formed a committee to verify the finding and submitted that some angle posts were found washed away by the land slide.*

**Who is accountable?:** *The statement that the landslide washed some angle posts away is not tenable in audit as the case was not reported earlier. Therefore, accountability for the lapses shall be fixed on the Farm Manager.*

**B.** The construction of Beat Office at Tsirangdara was awarded to M/s Ngotong Construction. On verification of its relevant records it revealed payment in excess of what was actually admissible. Such over payment amounted to Nu.0.090 million. It included excess payment of Nu.0.019 million due to wrong calculation, Nu.0.020 million for site development, Nu.0.029 million for centering & shuttering for mud wall, Nu.0.022 million on alteration and non-execution of work.

**Auditee's response:** *The DFO, Tsirang had submitted that they have already written to the concerned contractors to refund the excess payment made as a result of calculation errors and that upon realization the RAA would be intimidated.*

**Who is accountable?:** *As agreed the over payment made must be received in audit, therefore, until such time the accountability is fixed on the Divisional Forest Officer, Tsirang.*

**C.** Dorji Wangchuk, Programme Director of National Mushroom Center during his study tour to Japan, Thailand, Singapore and Nepal was paid excess Daily Subsistence Allowance of equivalent Nu.0.033 million (US\$ 726 x Nu.46) in deviation to the rates circulated for National Executed Projects (NEX) by the Royal Civil Service Commission from time to time.

**Auditee's response:** *The management of Nature Conservation Division had not responded on this issue as of date.*

**Who is accountable?:** *The excess payment made must be recovered and deposited into audit recoveries account for which Paying Officer is held accountable.*

**D.** The civil servants transferred to/from Natural Resources Training Institute (NRTI), Lobesa were paid an excess amount of Nu. 0.022 million on account of carrying charges of personnel effects.

**Auditee's response:** *The response of the management is still awaited in audit. The concerned officials have been instructed to refund the overpayment made to them. Nu. 7238.00 have already been recovered and deposited with RAA.*

**Who is accountable?:** *Until the amount is deposited into ARA, the Paying Office and the Director are held accountable to deposit the balance amount of Nu. 0.015 million into Audit Recoveries Account.*

E. The AMC, Paro had paid its staff amounting to Nu. 0.012 million as carriage charges in excess of their entitlements.

**Auditee's response:** *The management submitted that a sum of Nu. 0.002 was already recovered.*

**Who is accountable?:** *Till the amount is recovered from the officials, the Paying Officer and the Programme Director are held accountable.*

F. The DFO, Tsirang had also paid its staff an amount of Nu.0.025 million as transportation charges in deviation to government rules in force.

**Auditee's response:** *The response of the management is still awaited in audit.*

**Who is accountable?:** *Till the amount is recovered from the officials, the Paying Officer and the District Forest Officer are held accountable.*

#### 4. Inadmissible payment - Nu.0.532 million.

Various agencies under the Ministry of Agriculture had made payments, which was not admissible as per the rules in vogue. Such inadmissible payments amounted to Nu. 0.532 million and summary of which is exhibited in the table below:

*Table 1.12 showing inadmissible payment made by agencies under the ministry.*

Sl. No.	Agencies who made the payment	Amount (Nu. Million)	Payment made to:
1.	NRTI, Lobeysa	0.068	Civil Servants under Teaching Cadre
2.	RNR-ESP	0.034	Officials
3.	AMC, Paro	0.024	Officials/staff
4.	NRTI	0.308	Lecturers
5.	GIADP, Gelephu	0.050	Inadmissible Telephone bills
6.	DFO, Sarpang	0.048	Staff
	<b>Total</b>	<b>0.532</b>	

Brief details of the transactions are given here under:

A. A civil servant of the teaching cadre who has rendered less than Seven months in a particular year shall be entitled for one month's leave salary. However, two months vacation salaries were paid to the staff of NRTI who had served less than seven months. Therefore, an amount equal to Nu. 0.068 million were paid in excess.

**Auditee's response:** *Concerned officials have been asked to refund the excess payment, which will be deposited into Audit Recoveries Account upon recovery.*

**Who is accountable?:** *The paying officer and the Director, NRTI are held accountable to recover the inadmissible payment and deposited into audit recoveries account.*

**B.** The RNR-ESP conducted a series of workshops during which the officials were paid inadmissible DSA amounting to Nu. 0.034 million.

**Auditee's response:** *The Project Management has requested the Director, Council of Research & Extension to verify such payments and obtain refund/justifications.*

**Who is accountable?:** *Until the amount is accounted in RAA, the respective Paying is held accountable.*

**C.** The AMC, Paro paid Nu. 0.024 million to the officials/staff in excess to their entitlement.

**Auditee's response:** *The response of the management is still awaited in audit.*

**Who is accountable?:** *Until the amount is accounted for, the Paying Officer & Programme Manager are held accountable.*

**D.** The lecturers and instructors of NRTI engaged on official duties during vacations were paid proportionate to the number of days they were deprived of their vacations, besides the normal salary for the vacation period. The salary paid for official duties during winter vacation were inclusive of teaching allowance while they were not involved in teaching. Further the teaching allowances were already paid with their vacation salary. Therefore, the payment of Nu. 0.308 million as teaching allowance is not justified.

**Auditee's response:** *Whatever work a teacher does like preparing & planning lessons, preparing & developing training materials, evaluating & assessing assignments/ projects etc. are all teaching related activities although he may not be teaching in the classroom.*

**Who is accountable?:** *The paying officer & the director are held accountable to recover the amount and deposited into audit recoveries account. Nu.0.025million have been deposited into Audit Recoveries Account.*

E. The Project Management, Integrated Area Development Project, Gelephu had paid Nu.0.050 million on account of telephone bills of the then Project Co-ordinator's residence at Thimphu and monthly rental charges for his residence at Gelephug. The Ministry of Finance disallowed the payments of telephone bills on such account.

**Auditee's response:** *The RAA is yet to receive responses on this issue.*

**Who is accountable?:** *This inadmissible payment is recoverable from the present Director, Department of Livestock, Ministry of Agriculture.*

F. The Divisional Forest Office, Sarpang had paid inadmissible carriage charges to its employees amounting to Nu. 0.133 million. The staffs were paid at the maximum capacity as opposed to the minimum capacity prescribed by the rule.

**Auditee's response:** *The management responded that a sum of Nu.0.085 million was recovered.*

**Who is accountable?:** *This inadmissible payment must be deposited into audit recoveries account by the Paying Officer & Divisional Forest Officer.*

## **5. Non-availability of items.**

A. During the physical verification of stocks in Natural Resource Training Institute, Lobesa, ten binoculars, two cameras, nine gas cylinders and three gas stoves were found missing.

**Auditee's response:** *The management stated that whatever binoculars bought are available for verification.*

**Who is accountable?:** *The store officer & the director are held accountable to make good the missing items other than the binoculars which will have to be verified.*

## **6. Non-enforcement of contract terms - Nu.0.053 million.**

The Regional Veterinary Laboratory, Khaling upon the approval of the Hon'ble Lyonpo, Ministry of Agriculture had awarded the contract for maintenance of slaughter house at Borvilla to M/s Archana Construction, Samtse.

As transpired from the note sheet and the contractor's letter (attached to the note sheet) the tender committee consisting of senior officials of Ministry of Agriculture had re-negotiated with the contractor and had agreed to carry out the work at the estimated cost, without cost index. However, the contractor was paid a cost index of 25% amounting to Nu. 0.053 million.

**Auditee's response:** *The management has not commented on this issue.*

**Who is accountable?:** *The Incharge, RVL Khaling are held accountable to make good the unauthorized payment.*

## **7. Outstanding credit sales - Nu. 5.673 million.**

The AMC, Paro had outstanding credit sales of Nu. 5.673 million. Some of these amount were as old as twelve years. The management had not adhered to the instructions of the Ministry of Agriculture to discontinue the credit sales facility.

**Auditee's response:** *The response of the management is still awaited in audit.*

**Who is accountable?:** *The whole of the outstanding must be realized with commercial interest and the responsibility to do so shall be fixed on the Programme Manager.*

## **8. Shortage of revenue - Nu. 0.915 million.**

A. Cross verification of the total revenue collections with the total remittances/deposits in the bank pertaining to the Divisional Forest Office, Bumthang revealed a revenue shortage of Nu.0.878 million.

**Auditee's response:** *The management had submitted that the concerned individual Mr. Lham Tshering, Ex-Accountant had already deposited Nu.0.814 million thereby leaving a balance of Nu.0.064 million only.*

**Who is accountable?:** *The concerned DFO is held accountable to make good the balance shortages with penal interest of 24% p.a. and deposited into audit*

*recoveries account, besides taking administrative action against him.*

**B.** The Ministry of Agriculture invited tenders for the construction of Layer Shed, Feed Store and Grower Shed at Regional Pig Breeding Farm. A total of 50 tender documents were found sold @ Nu. 750 per tender document but its proceeds amounting to Nu.0.037 million were not deposited into Government Revenue Account.

**Auditee's response:** *The National Warm Water Fish Culture Centre (NWWFCC) Gelephug is yet to respond on this issue.*

**Who is accountable?:** *The amount of Nu.0.037 million is recoverable from Karma Denka of the Procurement Section of the Ministry.*

## **9**

### **Non-availability of accounts - Nu.0.343 million.**

As per World Wildlife Fund grant letter a sum of Nu.0.343 million was found released to the Bomdeling Wildlife Sanctuary but the related accounts supposed to be with Nature Conservation Division was not available on record. In the absence of records and documents the authenticity of expenditure incurred, if any, could not be ascertained in audit.

**Auditee's response:** *Neither the Nature Conservation Division nor the Park Manager, Bomdeling had responded on this issue as of date.*

**Who is accountable?:** *Until such time the proper accounts or the amount in question is received in audit the accountability is fixed on the Park Manager, Bomdeling.*

## **10. Outstanding royalty - Nu.0.043 million.**

Various agencies under the Ministry of Agriculture had royalty amounting to Nu.0.043 million not collected from the parties liable for such payment.

**A.** Revenue amounting to Nu.0.020 million for the sale of pigs and fish remained uncollected from Dungpa, Gelephu since 1996-97.

**Auditee's response:** *The management of National Warm Water Fish Culture Centre (NWWFCC) Gelephu informed the RAA that it has reminded the parties to settle the dues.*

**Who is accountable?:** *The accountability to deposit the amount of Nu.0.020 million with penal interest of 24% p.a. is fixed on Tenzin Dhendup, currently the*

*Director for the Department of Agriculture & Livestock Support Services, Ministry of Agriculture.*

**B.** The number of pigs shown as sold in the register compared with the revenue cash book found some differences. The 27 number of pigs as sold in the stock register were not found reflected in the revenue cash book. The value of this un-reconciled transactions amounted to Nu.0.035 million.

**Auditee's response:** *The management of National Warm Water Fish Culture Centre (NWWFCC) Gelephu submitted that some records amounting to Nu.0.012 million were updated and some duplicate bills re-forwarded to the parties concerned for early settlement.*

**Who is accountable?:** *The outstanding dues as agreed should be recovered and deposited into audit recoveries account with penal interest of 24% p.a. The responsibility to do so is fixed on the Officer In-charge.*

## **11. Non-deduction of tax/rentals - Nu.0.205 million.**

Various agencies in the Ministry had not effected statutory deductions as required under the Revised Taxation Policy 1992. It amounted to Nu.0.205 million as elucidated in the table below:

*Table 1.13 showing agencies responsible for not deducting taxes/rentals.*

<b>Sl. No.</b>	<b>Agencies responsible</b>	<b>Amount (Nu. Million)</b>	<b>Tax collectible from:</b>
1.	CMU, Bumthang	0.015	Various contractors
2.	DFO, Sarpang	0.164	Rental from staff
3.	DFO, Sarpang	0.026	Various suppliers
	<b>Total</b>	<b>0.205</b>	

Brief details of transactions are given here under:

**A.** The Central Machinery Unit, Bumthang had not effected the statutory deductions from the bills of suppliers/contractors amounting to Nu.0.064 million.

**Auditee's response:** *The CMU, Bumthang had informed the RAA that the tax amount of Nu.0.049 million is already recovered thereby leaving a balance of Nu.0.015 million only.*

**Who is accountable?:** *The responsibility to deposit the tax as computed by the RAA is fixed on the Officer In-charge.*

**B.** The Divisional Forest Office, Sarpang had not deducted house rentals from the employees occupying government quarters amounting to Nu.0.164 million.

**Auditee's response:** *The management had not responded on this issue as of date.*

**Who is accountable?:** *The responsibility to deposit the tax as computed by the RAA is fixed on the Divisional Forest Officer.*

C. The Divisional Forest Office, Sarpang had not deducted 2% TDS amounting to Nu. 0.031 million.

**Auditee's response:** *The management had submitted that a sum of Nu0.005 million is recovered.*

**Who is accountable?:** *The responsibility to deposit the tax as computed by the RAA is fixed on the Divisional Forest Officer.*

## **12. Payment without supporting document - Nu.0.057 million.**

The National Warm Water Fish Culture Centre (NWWFCC) Gelephu had paid a sum of Nu.0.073 million to suppliers and officials without the supporting documents.

**Auditee's response:** *The management had submitted that they have been trying to find the supporting documents but in the absence of account personnel tracing of the document has proved difficult. However, the management had informed the RAA that supporting documents for Nu.0.016 million was found.*

**Who is accountable?:** *Such responses are not tenable in audit. A sum of Nu.0.016 million should be recovered from the Store In-charge, Nu.0.019 million from Sonam Wangdi, Head, AFD, MoA and Nu.0.037 million from Tenzin Dhendup, currently the Director for the Department of Agriculture & Livestock Support Services, Ministry of Agriculture.*

## **13. Non-accountal of advances - Nu.0.360 million.**

A. The National Warm Water Fish Culture Centre (NWWFCC) Gelephu had in their books of accounts a sum of Nu.0.332 million paid to various suppliers/organization/staff towards the advance payment. However, on verification of the records it was found that the advances were neither recorded in the sub-ledger nor the adjustment effected till the date of audit.

**Auditee's response:** *The management submitted that a thorough crosscheck was done and found adjustments amounting to being made though not reflected in the sub-ledger.*

**Who is accountable?:** *The contention is not of the adjustment being made but is an issue that was not reflected in the sub-ledger. The adjustment being made as replied has already been considered for the advances, which are accounted/recorded in the sub-ledger. Therefore, all such advances must be recovered with commercial interest of 16% p.a and deposited into audit recoveries account. The responsibility to furnish the details of adjustment if made or deposit the amount in audit recoveries account is fixed on the Officer In-charge.*

**B.** The Divisional Forest Office, Sarpang had not accounted the advances paid to its staff during the year 2000-2001 to 2002-2003. Such non-accountal amounted to Nu.0.051 million.

**Auditee's response:** *The management had submitted that adjustments to the tune of Nu.0.023 million have been made.*

**Who is accountable?:** *The total amount not accounted for as worked out by audit must be recovered and deposited into audit recoveries account with commercial interest of 16% p.a., the responsibility to deposit the amount with commercial interest has been fixed on the Divisional Forest Officer, Sarpang.*

#### **14. Payment for works not executed - Nu.0.025 million.**

The renovation work of DFO building in Tsirang was awarded to M/s Ngotong Construction. Verification of records revealed payment totaling Nu.0.025 million for works not executed.

**Auditee's response:** *The DFO, Tsirang had agreed to recover the amount as found by the audit team.*

**Who is accountable?:** *As agreed the payment made for works not executed must be received in audit, therefore, until such time the accountability is fixed on the Divisional Forest Officer, Tsirang.*