

Ministry of Foreign Affairs

The Royal Audit Authority during the year 2003 had issued 3 inspection reports of agencies under the Ministry of Foreign Affairs.

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 Jigme Y. Thinley	Minister
2.	Dasho Ugyen Tshering	Secretary
3.	Dasho Jigme Tshultrim	Chief of Protocol
4.	Dasho Tashi Dorji	Head, Administration & Finance Division
5.	Sonam T. Rabgye	Director, Multilateral Division
6.	Dawa Penjo	Director, Bilateral Division
7.	Thinley Dorji	Head, Asia & SAARC 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 Khandu Wangchuk	Minister
2.	Aum Neten Zangmo	Secretary
3.	Thinley Penjor	Director, Multilateral Division
4.	Yeshi Dorji	Director, Bilateral Division
5.	Sangay Rinchen	Director, SAARC & Pacific Division
6.	Dasho Tashi Dorji	Head, Administration & Finance Division

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

Table 1.25 showing summary of the observations by category code and the amount involved.

Sl. No.	Observation in brief	Amount (Nu. Million)	%	Category code
1.	Irregular / inadmissible payment	4.382	42.77	8
2.	Excess payment	0.094	0.92	6
3.	Outstanding advance	5.388	52.59	1
4.	Shortage of fund	0.128	1.25	11
5.	Non-carry forward of advances	0.253	2.47	1
	Total	10.245	100.00	

The contents of the annual audit report pertaining to the Ministry of Foreign Affairs includes the significant observations reflected in the Inspection Reports of three embassies viz: Royal Bhutanese Embassy, New Delhi, India, Dhaka, Bangladesh and Bangkok, Thailand.

Major findings:

1. Irregular / inadmissible payments - Nu. 4.382 million.

Various Embassies had made irregular / inadmissible payments amounting to Nu. 4.382 million. Summary of such payments made are as follows:

Table 1.26 showing inadmissible payments made by Royal Bhutanese Embassies.

Sl. No.	Embassies responsible	Amount (Nu. Million)	Remarks
1.	RBE, Dhaka	0.314	Electricity, Water, Sewerage etc.
		0.306	Residential Telephone Charges.
		0.160	Inadmissible medical bills.
		0.363	RG not accounted with bills.
2.	RBE, Bangkok	0.298	Inadmissible FA & RG while in Bhutan.
		0.022	Two times Home Leave Travel Passage.
		0.439	Inadmissible Children Education Allowance.
		0.172	Inadmissible electricity charges
3.	RBE, New Delhi	0.526	Residential Telephone Charges.
		0.091	Inadmissible RG payment
		0.073	Inadmissible teaching allowance
		0.014	Inadmissible Foreign Allowance
		0.149	Inadmissible telephone & TV charges
		1.455	Inadmissible electricity charges.
	Total	4.382	

Brief description of each instances are as under:

A. The Royal Bhutanese Embassy, Dhaka, Bangladesh had incurred an expenditure of Nu.0.314 million on account of electricity, water, sewerage, garbage disposal and gas bills of the officers and staffs in the Embassy. Payment of residential utility bills from the RGoB fund is neither in line with the Financial Rules and Regulations nor with Foreign Service Rules and Regulations.

Auditee's response:

The RBE, Dhaka had submitted that the official residence of Kutshab and other officers have to be maintained at a very high standard befitting the status of an ambassador and representative of Bhutan. It was also stated that for security reasons the ambassador's residence has to be lit the whole night.

Who is accountable?:

Whatever entitled to and appropriate is provided by rules. Therefore, the electricity charges met out of RGoB fund, which are not admissible, shall stand recoverable. With regard to payment of other utility bills the concerned individual officers is held responsible to deposit the amount as reflected in the report.

B. The Royal Bhutanese Embassy, Dhaka had also paid inadmissible residential telephone charges in deviation to circular issued by the Ministry of Finance. The telephone charges include both rental and calls made. The total payment on this account comes to Nu.0.306 million.

Auditee's response: *The RBE, Dhaka had submitted that the process of obtaining and maintaining a telephone line itself is a tedious and expensive affair and that the officials most of the time has to work from the phone due to many disruptions with strikes and floods during the monsoon.*

Who is accountable?: *Since all government organization are governed by rules the RBE, Dhaka is also treated alike. Therefore, the amount as worked out by the audit team must be deposited by concerned officials into audit recoveries account.*

C. The Royal Bhutanese Embassy, Dhaka had paid an amount of US \$ 3488.00 (US \$ 3488 x 46=0.160 million) approximately to former ambassador towards the medical expenses incurred mostly while on travel abroad.

Auditee's response: *The RBE, Dhaka had informed the RAA that a copy of the approval by the then Secretary, Ministry of Foreign Affairs could not be obtained but instead a copy of the email message authorizing the ambassador was found submitted.*

Who is accountable?: *Relevant documents must be provided to the audit.*

D. A revised version of the Bhutan Civil Service Rules & Regulations including the entitlement of foreign services requires the payment of Representational Grant to be properly accounted for. This requirement was overlooked and made the payment amounting to Nu. 0.363 million (US \$ 7910 x 46=0.363 million).

Auditee's response: *The RBE, Dhaka had submitted that it had adopted the methods as desired by the then Officiating Foreign Secretary. Other officers who are no more in the embassy will be directed to submit the bills directly to the RAA. It was also stated that the Kutshab and Tashi Wangchuk will submit the bills to the RAA.*

Who is accountable?: *The accounts must be submitted in audit otherwise the amount stands recoverable. Till that is done, the Head of Chancery is held accountable.*

E. The Foreign Service Rules & Regulations, stipulate that Foreign Allowance & Representational Grant shall not apply to the members when they are temporarily in Bhutan for any reasons.

On the contrary, the RBE, Bangkok, Thailand had paid a sum of Nu.0.298 million (US\$ 6482 x 46) to Hon'ble Kutshab for the duration he was in Bhutan which is not admissible as per the above rule.

Auditee's response: *The RBE, Bangkok had informed the RAA that responses and other follow-ups are under process.*

Who is accountable?: *The Paying and Disbursing Officer should be aware of this rule. Therefore, Paying & Disbursing Officer is held responsible to recover and deposit the inadmissible payment made to His Excellency, the Kutshab.*

F. The Hon'ble Minister, Ministry of Foreign Affairs in the year 2000 had issued an office order stating that Foreign Service Personnel and their families during their tenure in the embassies/missions will be allowed to avail only one home leave passage at government expense. However, Ugyen Chozom of the RBE, Bangkok had availed two times in deviation to the above office order, thus resulting in inadmissible payment of Nu.0.022 million.

Auditee's response: *The RBE, Bangkok had informed the RAA that responses and other follow-ups are under process.*

Who is accountable?: *The amount of inadmissible payment made must be recovered and deposited into audit recoveries account. Therefore, accountability is fixed on Ugyen Chozom of the Ministry of Foreign Affairs, Thimphu & Head of Chancery, RBE, Bangkok.*

G. On a scrutiny of pay bills revealed that some of the officials of the RBE, Bangkok had availed the Children Education Allowance (CEA) in contravention to its entitlement rules. The children of those officers are either studying in Bhutan availing free education or beyond the age limit prescribed. The cumulative of this inadmissible payment amounted to Nu.0.439 million (US \$ 9562 x Nu. 46).

Auditee's response: *The RBE, Bangkok had informed the RAA that responses and other follow-ups are under process.*

Who is accountable?: *The amount of inadmissible payment made must be recovered and deposited into audit recoveries account. Therefore, accountability is fixed on Pema Wangchuk, HoC, Chang D Tshering First Secretary and Sonam Leki, First Secretary (Finance).*

H. The RBE, Bangkok had paid the electricity charges for the residence of Hon'ble Kutshab amounting to Nu. 0.172 million (US\$ 3748.98 x Nu.46) from the RGoB fund. Payment of residential utility bills from the RGoB fund is neither in line with the Financial Rules and Regulations nor with Foreign Service Rules and Regulations.

Auditee's response: *The RBE, Bangkok had informed the RAA that responses and other follow-ups are under process.*

Who is accountable?: *In the absence of clear cut guidelines as to its admissibility the RBE, Bangkok is advised to take the matter with the Royal Government. Therefore, until such time the RAA is informed of its admissibility the electricity charges met out of RGoB fund shall stand recoverable.*

I. The Royal Bhutanese Embassy, Bangkok had also paid inadmissible residential telephone charges in deviation to circular issued by the Ministry of Finance. The telephone charges include both rental and calls made. The total payment on this account comes to Nu.0.526 (US\$ 11446 x Nu.46) million.

Auditee's response: *The RBE, Bangkok had informed the RAA that responses and other follow-ups are under process.*

Who is accountable?: *Circulars issued by the Ministry of Finance must be followed strictly unless there is a separate office order issued for the embassies/missions. Therefore, all such payments as worked out by the RAA must be recovered and deposited into audit recoveries account. The accountability to do so is fixed on the Head of Chancery & Finance Officer.*

J. Miss Lily Wangchuk was paid Representational Grant amounting to Nu.0.091 million in contravention to Foreign Service Rules & Regulations – 2002. As per rule it is admissible to the diplomats from BCSR Grade 8 and above.

Auditee's response: *The RBE, New Delhi had responded but not to the points raised.*

Who is accountable?: *Rules must be respected. Therefore, such inadmissible payment must be deposited into Audit Recoveries Account and the responsibility to do so shall be fixed on the Head of Chancery, RBE, New Delhi.*

K. The Dzongkhag Language Teachers who were posted abroad were paid teaching allowance amounting to Nu.0.073 million in addition to Foreign Allowance, which is not admissible as per the FSRR-2002.

Auditee's response: *The RBE, New Delhi submitted that the individual teachers were reminded to refund the amount.*

Who is accountable?: *Such inadmissible payment must be deposited into Audit Recoveries Account and the responsibility to do so shall be fixed on the Head of Chancery, RBE, New Delhi and the Finance Officer.*

L. Officials of the RBE, New Delhi when their services were reverted and relieved back to Bhutan were paid Foreign Allowance for the whole month instead of actual number of days worked in the embassy. This had resulted in inadmissible payment of Nu.0.014 million (US \$ 327 x Nu. 45).

Auditee's response: *The RBE, New Delhi had stated that the amount would be recovered.*

Who is accountable?: *The inadmissible payment must be deposited into Audit Recoveries Account and the responsibility to do so is fixed on the Head of Chancery, RBE, New Delhi.*

M. The RBE, New Delhi had paid residential telephone rental, mobile and Cable TV charges amounting to Nu.0.149 million in deviation to the circular issued by the Ministry of Finance.

Auditee's response: *The head of AFD agreed to submit the final opinion of the Ministry with regard to payment of telephone charges. For the payment of TV charges, it was submitted that the amount so paid would be recovered from guest house account and remit to the Audit Recoveries Account.*

Who is accountable?: *The inadmissible payment must be recovered and deposited into Audit Recoveries Account and the responsibility to do so is fixed on the Head of Chancery, RBE, New Delhi.*

N. A sum of Nu.1.455 million was incurred towards electricity charges which includes Chancery and residential buildings. The officials/staff were charged a nominal electricity charges for lighting only, however, bills for the energy consumption on air conditioning, heaters, cooking appliances and fans were borne by the office which is not admissible under any rules in force.

Auditee's response: *The RBE, New Delhi had submitted that the meter is already installed. For the payment already made, it was agreed that the amount would be recovered or ex post facto sanction from Ministry of Finance obtained for regularization.*

Who is accountable?: *In the absence of clear-cut guidelines as to its admissibility the RBE, New Delhi is advised to take the matter with the Royal Government. Therefore, until such time the RAA is informed of its admissibility the electricity charges met out of RGoB fund shall stand recoverable and the responsibility to do so is fixed on the Head of Chancery, RBE, New Delhi.*

2. Excess payment - Nu. 0.094 million.

A. The diplomats and other staff of the RBE, Dhaka while making official tours within and abroad were paid Daily Subsistence Allowance (DSA) of Nu.0.079 million in excess of what is actually admissible/entitled.

Auditee's response: *The RBE, Dhaka had submitted that since some of the officials are no more in the embassy but are transferred else where in the various ministries under RGoB, a copy of the audit observation is endorsed to them for necessary action.*

Who is accountable?: *All such payments must be deposited into Audit Recoveries Account. Therefore, responsibility to do so shall be fixed on the individual officers reflected in the annexure of the inspection report.*

B. During the official tour of Hon'ble Kutshab, RBE, Bangkok to Yangon and Mandalay the audit team had found that he was paid excess DSA of Nu.0.015 million(US\$336 x Nu.46).

Auditee's response: *The RBE, Bangkok had informed the RAA that responses and other follow-ups are under process.*

Who is accountable?: *All such excess payments must be deposited into Audit Recoveries Account. The Head of Chancery & Finance Officer are held accountable to recover and remit the amount to the RAA.*

3. Outstanding advance - Nu. 5.388 million.

A. A review of Sub-Ledgers pertaining to RBE, Dhaka revealed an outstanding amount of Nu.0.469 million in equivalent of US \$ 5738 & Taka 0.262 million.

Auditee's response: *The RAA is informed that it has already initiated the recovery of the outstanding advances.*

Who is accountable?: *All advances that were long overdue for recovery / adjustment must be recovered immediately with commercial interest of 16% p.a. and deposited into Audit Recoveries Account. The responsibility to do so shall be fixed on the Head of Chancery, RBE, Dhaka.*

B. The RBE, Bangkok had a sum of Nu. 0.092 million (US\$ 2000) lying outstanding in the name of C.Care Asia Foundation without adjustment being effected for more than three Financial Years. The amount was stated to have been paid on behalf of the Ministry of Health.

Auditee's response: *The RBE, Bangkok had informed the RAA that responses and other follow-ups are under process.*

Who is accountable?: *The amount should be deposited into the Audit Recoveries Account. The responsibility to do so is fixed on the Head of Mission.*

C. The RBE, New Delhi also had a sum of Nu.4.827 million lying outstanding against the officials, suppliers, contractors and other parties. Some of the advances dates as far back as 1997-1998.

Auditee's response: *The RBE, New Delhi had agreed to expedite follow up.*

Who is accountable?: *All advances that were long overdue for recovery / adjustment must be recovered immediately with commercial interest of 16% p.a. Upon recovery it must be deposited into audit recoveries account and the responsibility to do so shall be fixed on the Head of Administration & Finance, RBE, New Delhi.*

4. Shortage of fund - Nu.0.128 million from the student account.

The Royal Civil Service Commission releases Student Fund for stipend on a biannual basis to the RBE, Dhaka for disbursement. A review of the releases and the actual payment made to them since June 1999 to January 2003 revealed some differences. In order to track the differences an in depth analysis was carried out. It revealed that in

May 1999 there was a change in the accounting personnel from Kinley Gyeltshen to Phuntsho Wangdi, which logically and practically means all releases as of January 1999 should cover up all stipend disbursement to students up to June 1999. But on the contrary it was found that a payment of stipend amounting to US \$ 2791(Nu. 0.128 million) pertaining to the period before and including June 1999 was made from the releases for July-December 1999 indicating the shortages for the period up to June 1999.

Auditee's response: *The RBE, Dhaka had informed the RAA that they would follow-up with Kinley Gyeltshen.*

Who is accountable?: *Responsibility to ascertain the exact amount of shortages rests with Head of Chancery & all Finance Officers involved. The status be notified to the RAA.*

5. Non-carrying forward of advances - Nu.0.253 million.

On a scrutiny of sub-ledger it was found that a sum of Nu. 0.272 million had been booked as an advance in the name of Special Account. However, it was noticed that a mere sum of Nu.0.018 million only was shown as transferred to RBE, main account thereby leaving a difference of Nu.0.253 million which was not accounted for in the books of accounts.

Auditee's response: *The RBE, New Delhi had submitted that it is making every effort to trace it.*

Who is accountable?: *All advances that were long overdue for recovery / adjustment must be deposited immediately with commercial interest of 16% p.a into Audit Recoveries Account. The responsibility to do so shall be fixed on the Head of Administration & Finance, RBE, New Delhi.*