

IV. Bhutan Broadcasting Service Corporation Limited

Apart from the statutory audit being conducted by a firm of Chartered Accountants empanelled with the Royal Audit Authority the RAA also conduct propriety audit.

The Bhutan Broadcasting Service Corporation during the year 2004 was managed and administered by the following:

Sl.No	Name of official	Designation
1.	Lyonpo Leki Dorji	Chairman
2.	Mingbo Dukpa	Managing Director
3.	Tshewang Rinzin	Finance Manager

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

Table 1.45 showing summary of the observation by category code and the amount involved.

Sl.No	Observations in brief	Amount (Nu. Million)	%	Category code
1.	Pending collections	3.355	74.70	2
2.	Outstanding advances	0.877	19.53	1
3.	Inadmissible/irregular payment	0.259	5.77	8
	Total	4.491	100.00	

Major findings:

1. Inadmissible/irregular payment - Nu. 0.259 million

The work for the supply and installation of fiber optics STL system in between Chubachu Complex and Sangaygang station was awarded to M/s Etho Metho Electrics Co. Thimphu at the lowest evaluated bid of Nu 1.999 million. On review of the records, it was noted that the supply of 2" HDPE Pipes was found substituted with 3" PVC pipes for underground cabling. The change in specification was approved by the management in favor of the contractor. It was understood that the contractor had made use of the PVC pipes disposed off by BDFC. The cost of pipes as per the information obtained from BDFC was Nu. 0.256 million of which 0.250 million already included in the bid document. It was noted that instead of the additional cost of Nu. 0.006 million the management had paid Nu. 0.265 million resulting in an excess payment of Nu 0.259 million as shown below:

Sl No.	Particulars	Amount (Nu. Million)	Amount (Nu. Million)
1.	Bid Value	1.999	
2.	Extra cost due to change in specifications	0.006	
3.	Total Payable		2.005
4.	Bills Paid		2.264
		Excess(4-3)	0.259

Auditee's response:

The management submitted that M/s Etho Metho had submitted the drawing of the trenches and the pipe size was 2" HDPE pipes with just one fiber optic cable but later the management decided to have another 10 pair analogue telephone cable laid out because it was cheaper to lay analog cable than to buy expensive head and equipment for two way communications. As the link between the studio and the transmitter would be permanent one and with plans to increase the number of radio and TV channels in future, it was felt necessary for bigger pipes. The contractor was instructed to construct manholes without additional cost at regular intervals to allow laying cables easily in future. Therefore it was decided to use 3" pipe from BDFC. A similar HDP pipe was costing Nu.256.25

per meter which amounted to Nu. 0.640 million therefore Nu 0.265 million was paid as additional work.

BBS went for local contractor who provided several man holes with no additional cost which today facilitated regular maintenance and laying of additional cables through the pipe between Sangaygang and Chubachu.

Who is accountable?: *It is not proper and ethical to violate tender norms. Besides, the management should have directly enquired the rates charged from BDFC. The excess payment of Nu. 0.259 with 16% commercial interest p.a. be deposited into Audit Recoveries Account. The accountability is fixed on Mingbo Dukpa, Managing Director, Sonam Tobgay, Chief Engineer and Dorji Wangchuk, GM, HRAD.*

2. Outstanding advances - Nu. 0.877 million

Advances amounting Nu. 0.877 million under T.V. Account, Normal Account and Imprest Account were lying outstanding against the employees, suppliers and other parties. It was noted that some of the OBA pertained to the fiscal year 2000-2001.

Auditee's response: *The management submitted that no further advances would be granted before liquidation of initial advances and that nominations for training would also be stopped till the OBA is adjusted.*

Who is accountable?: *The accountability is fixed on Tshewang Rinzin, Finance Manager and Mingbo Dukpa, Managing Director*

3. Pending collections - Nu. 3.355 million

An amount of Nu. 3.355 million were lying as outstanding against various Government Organization/Parties/Individuals on account of radio announcements, video shooting, editing, hire of equipment etc. as on 31/12/03. Some of the amounts pertained to 1994.

Auditee's response: *The management submitted that a sum of Nu. 1.090 million have been realized and written-off Nu.1.275 million by the Board thereby leaving a balance of Nu 0.989 million. Every measure is being taken to collect the bills at the earliest.*

Who is accountable?: *The management must recover the amount with commercial interest of 16% p.a. The amount written-off against the government agencies needed further review as all such agencies are still in existence. Further, the Management must carry out the analysis of the existing credit system so as to take appropriate decision to insist cash payments or streamline the credit policy to have an efficient credit system ensuring timely realization of bills. The accountability is fixed on Ashok Moktan, General Manager, and Mingbo Dukpa, Managing Director.*