

VII. Bhutan Telecom 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 Telecom Corporation during the year 2004 was administered and managed by the following:

Sl.No	Name	Designation
1.	Lyonpo Leki Dorji	Chairman
2.	Sangay Tenzin	Managing Director
3.	Chhimi Dorji	Finance Manager

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

Table 1.49 showing summary of the observation by category code and the amount involved.

Sl.No	Observation in brief	Amount (Nu. Million)	%	Category code
1.	Direct procurements of transmission equipment and DR MASS	51.237	100.00	3
	Total	51.237	100.00	

Major finding:

1. Direct procurements of transmission equipment and DR MASS - Nu. 51.237 million

It was observed that Bhutan Telecom Corporation during the year 2000-2001 had directly procured Transmission Equipment and DR MASS valuing Nu.51.237 million from Mitsui & Company, Japan without inviting tenders. The procurements were done on the basis of sale agreement drawn at the time of placing supply orders without creating avenues for any long-term agreement.

The approach for exception to the procurement rules and Government Policy on de-monopolization and procurements were found violated.

Auditee's response: Auditee's response reproduced as under "*The domestic telecommunications network has been established in our Kingdom under the Japanese Government's Grant Aid Scheme. Since it was an aid package, it was mandatory to install the equipment manufactured and originating from Japan. We did not have a choice of vendor's and/ or manufacturers. Mitsui & Company Limited, Japan is not a manufacturer but the authorized trading company of the equipment manufacturing company, NEC. We have to deal with their customers only through their authorized agents. NEC's equipment are of proprietary in nature and except for this firm itself, no other equipment manufacturers in the world can manufacture and supply operational & maintenance spares or expansion equipment for our existing network. Therefore, it does not make sense to call for quotation/tenders from any other company as has been pointed out in the RAA's memo.*" The Board during 24th Board Meeting concurred the justification.

Who is accountable?: Unless a copy of a government policy on this is made available, it becomes difficult for RAA to accept the justification of the company. The

argument that they have to deal only with the authorized agent of NEC is not supported with documentary evidence. The cases and copies of comparative rate study carried out by the procurement division of any should be furnished to enable RAA to form its final opinion after ascertaining public interest and government instructions carried out acceptably. Therefore, responsibility to do so shall rest on the concerned Managing Director.