

Chapter VII Ministry of Finance

The Royal Audit Authority during the year had issued 8 inspection reports of agencies under the Ministry of Finance. The following officials headed the Ministry and departments under it during the year 2004:

Sl.No	Name	Designation
1.	Lyonpo Wangdi Norbu	Minister
2.	Aum Yangki T Wangchuk	Secretary
3.	Nima Wangdi	Director General, Department of Aid & Debt Management
4.	Dasho Karma Dorji	Director General, Department of National Property
5.	Sonam Wangchuk	Director, Department of Budget & Accounts
6.	Aum Sangay Zam	Director, Department of Revenue & Customs
7.	Letho	Deputy Secretary, Administration & Finance Division

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

Table 1.23 showing the summary of the observations by category code and the amount involved.

Sl.No	Observations in brief	Amount (Nu. Million)	%	Category code
1.	Outstanding revenue	1.417	49.24	2
2.	Irregular/ Inadmissible Payment	0.750	26.06	8
3.	Outstanding advance	0.370	12.86	1
4.	Violation of laws, rules and regulations	0.258	8.96	16
5.	Payments for works not executed	0.083	2.88	12
	Total	2.878	100.00	

Major findings:

1. Outstanding advance – Nu. 0.370 million

A sum of Nu.0.370 million was lying outstanding against various government employees, departments and others as on 12th April, 2005.

Auditee's response: *The RAA was informed that most balances pertained to medical treatment to third countries and some construction works that were still ongoing.*

Who is accountable?: *Letho, Deputy Secretary, Administration & Finance Division and Finance Officer, Ministry of Finance are held accountable to deposit the amount into Audit Recoveries Account with commercial interest of 16% p.a.*

2. Irregular/inadmissible payment - Nu. 0.750 million

A. The Liaison and Transit Office, Kolkata was found making inadmissible payment of electricity charges of the flats occupied by the LTO officials and those by the Royal Body Guard personnel amounting to Nu.0.421 million. An appropriate response was yet to be received.

Auditee's response: *The Ministry submitted that the case will be reviewed and intimate the outcome.*

Who is accountable?: *Kezang Dorji, LTO is held accountable to follow-up the matter and intimates the outcome or deposit the amount with commercial interest of 16% p.a.*

B. The Liaison and Transit Office, Kolkata was found making inadmissible payment of residential telephone and call charges amounting to Nu.0.076 million. The Foreign Service Entitlement Rules does not provide for extension of such facilities.

Auditee's response: The response of the LTO, Kolkata is reproduced below *“This office is entrusted with dual responsibilities of Transit Clearance of third country import goods and liaison duty. These duties require frequent interaction through telephone with all the agencies related to clearance of third country goods and liaison work, The agencies involved are mainly clearing Agents, Steamer Agents, Dock/Airport Authorities, Indian customs, Transporters and Airlines, Airport Customs so on for Liaison duty. Instruction/commands for liaison works are urgent ones and are received telephone and are required to communicate through telephone during the odd hours. The ISD and STD facility is provided to the residence of LTO only and besides these fixed lines, all officials possess mobile phones which are mainly used of clearance work and liaison work to cut down the over all cost. And phone bill for those mobile phones are being borne by the officials themselves”*

In view of the above justification the Ministry of Finance submitted that the Committee on Regularization had decided to write-off 50% of the local call charges and allow reimbursement for other official calls made upon proper verification.

Who is accountable?: *Zamtsho Tshering, Ex-LTO is held accountable till such time the up dated figures that stands recoverable are submitted to the RAA.*

C. M/s Kinley Construction was awarded the work of parquet flooring of Banquet Hall. In doing so it was found that 65.40% of the materials used were old ones. The resizing, trimming, smoothening charges of old materials, timbers and the materials and making charges of new parquet strips were paid by the DNP. Further, the timbers for making the new parquet strips were also issued by DNP and the contractor had made the payment of labour charges, cost of food served to labourers, cost of polish and fevicol. However, the contractor had claimed inclusive of old materials valuing Nu.0.253 million used from DNP and made the payment in full. This inadmissible payment stands recoverable.

Auditee's response: *“Under the pressure of time constraint, the department was compelled to complete the parquet flooring of the main hall by reusing old parquets and through engagement of department carpenters who were intended to gain experience in parquet flooring. The expenditure on account of labour and fooding was adjusted against contractor's bill. It may be noted that department's carpenters engaged in parquet flooring were not regular employees but they are all on muster roll paymen. On the advise of auditing team the contractor had been advised to refund Nu.0.253 million”.*

Who is accountable?: *The responsibility to deposit the inadmissible payment with commercial interest of 16% p.a is fixed on Dasho Karma Dorji, Director General, Department of National Properties, and Ministry of Finance.*

3. Payment for works not executed - Nu. 0.083 million

M/s Kinley Construction who was awarded the work of parquet flooring of Banquet Hall was found paid Nu.0.083 million for works not executed. Though the contractor had not done the work, the payment to the contractor was made based on the approval granted by the Director General.

Auditee's response: *The parquet flooring of the corridor measuring 540 sft. was to be completed along with that of main hall. It was left undone due to time constraint followed by the dispute between DNP and the contractor over the engagement of Mr. Murthey-an expert in parquet flooring.*

Who is accountable?: *Dasho Karma Dorji, Director General, DNP (approving authority) is held accountable to deposit the amount with commercial interest of 16% p.a. into Audit Recoveries Account.*

4. Violation of laws, rules and regulations, procedures, policies - Nu. 0.258 million

To strengthen the capacity of the task force, the Monitoring & Evaluation Division of the Department of Planning proposed training for its members, who were duly approved by the Director, Department of Planning. Subsequently, the identity of the proposed nominees was submitted to the Royal Civil Service Commission. The RCSC however, revoked the candidature of Gaki Tshering, System Analyst, Ministry of Health and Kunzang Norbu, Project Coordinator, DoP. The former was under the probation period and the latter was to proceed on secondment to SNV, Thimphu. However, on scrutiny of the disbursement vouchers, the above two officials were sent for training to Thailand.

Auditee's response: *The Department submitted that they decided to send the officials for the training as they were important task force members and nominated by the respective Ministry/Agencies. They were sent based on the verbal instruction of the Head of HRD Section, RCSC. However, a few days after the departure of the members the letter revoking the nomination of the above two candidates were received from RCSC. It was also submitted that the department had written to RCSC for their clarifications and recommendations. The RCSC had informed the Ministry vide letter No. RCSC/HRD/16.00/2004/3853 dated 26.10.04 of the retrospective approval for the nomination of Kunzang Norbu as secondment is considered as active service with the Government. However, the case of Gaki Tshering has not been considered and the Department has written to the Ministry of Health.*

Who is accountable?: *The cost incurred on Gaki Tshering must be deposited into the Audit Recoveries Account with commercial interest of 16% p.a. The accountability is fixed on Dhenden Dhondup, Deputy Secretary and Gaki Tshering, System Analyst, Ministry of Health.*

5. Outstanding revenue - Nu. 1.417 million

The Regional Revenue & Customs Office, Thimphu had Nu.1.417 million as outstanding revenue against M/s Damcho Construction Company

Auditee's response: *The RAA was informed that the issue with M/s Damcho Construction is under appeal*

Who is accountable?: *The amount must be deposited with penal interest of 24% p.a into Audit Recoveries Account and the responsibility to do so is fixed on Karma Loday, Regional Director.*