

DETAILED FINDINGS

MINISTRIES

4.1 Ministry of Agriculture

The Royal Audit Authority during the year had issued 37 reports of agencies under the Ministry of Agriculture. The total significant irregularities pointed out in the agencies under the Ministry of Agriculture aggregated to Nu 4.402 million as summarized below:

Table 4.1 showing the observations with category code and amount involved (Nu. in million)

Sl.No	Observations in brief	Amount	Category code
1	Irregularities in advance	2.129	5.6
2	Over/Inadmissible/Irregular/Double Payment	0.197	5.1
3	Violation of procurement norms	0.186	4.4
4	Mismanagement of revenue and taxes	1.194	3.4
5	Mismanagement of Fund	0.273	3.1
6	Mismanagement of Property		3.2
7	Malpractices and Abuses	0.423	1.2
8	Misappropriation		2.1
9	Violation of Service Rules		4.1
	Total	4.402	

As noted above major irregularities pertained to advances, mismanagement of revenue and taxes while there were a few instances of malpractices and abuses. The detailed reports of significant irregularities are presented hereunder:

4.1.1 Irregularities in advances – Nu.2.129 million

Advances amounting to Nu 2.129 million as shown below remained un-adjusted or not recovered from the suppliers, contractors and officials:

Table 4.2 showing the Advances not adjusted (Nu. in million)

SI.No	Agencies	OBA	Settled	Bal	IR No and Date	Who are accountable?
1	Secretariat, Ministry of Agriculture	0.550	0.237	0.313	RAA/RTICD(MO A-SECT) 2003-05/7197 dated 10/10/05	Sonam Wangdi, DS and Pema Y. Rinzin AFO
2	Central Machinery Unit, Bumthang	2.055	0.665	1.373	IR(23)BT/CMU-Bum/2004-05/2535 dated 25/11/05	Sonam Wangd, Deputy Secretary and individuals concerned
3	Divisional Forest Office, Bumthang	0.045	0.002	0.043	IR(29)BT/DFO-Bumthang/2005/2536 dated 25/11/05	Rattu Wangchuk, DFO and Dy. Chief Accountant, Bhumika Nepal
4	RNR- MOA	3.512	3.265	0.247	RAA/RTICD(IR-EC-RNR-ESP)04-05/7636 dated 10/11/05	Dr. Pema Chhophel, National Co-Director and Dorji Dradul, Chief Research Commu. Officer
5	Department of Survey and Land Records	0.777	0.624	0.153	IR/RAA(DSLR-MoA)/RTICD/2005/4117 dated 1/2/05	Yogesh Rai, Deputy Chief Accountant
Total		6.939	4.793	2.129		

4.1.2 Excess payment of Nu.0.197 million

The Park Management, Bumdeling Wildlife Sanctuary had made excess payment of Nu. 0.165 million on the purchase of CGI sheets from M/s Kota Shopping Centre, Trashigang. Besides 2% TDS of Nu.0.015 million was not deducted from the bills of the supplier. Instead, Nu.0.016 million was directly remitted to the DRC out of the budget without realizing from the supplier.

Who is Accountable?

Tshewang Samten former DCA is held accountable.

4.1.3 Violation of Procurement Norms – Nu. 0.186 million

The following agencies under the Ministry of Agriculture had not levied liquidated damages amounting to Nu. 0.186 million, for delays in supply of materials in contravention to terms and conditions of tender:

Table 4.3 showing cases of violation of procurement norms (Nu. in million)

Sl.No	Agency	Amount	IR No. & Date	Who are accountable?
1	National Soil Service Centre, Semtokha	0.047	RAA/RTICD(IR-DAN-DNRM-MoA)04-05/7503 dated 31/10/05	Chencho Norbu, Program Director of NSSC and Nidup Peljor
2	Ministry of Agriculture	0.139	RAA/RTICD(IR-EC-RNR-ESP)04-05/7636 dated 10/11/05	Dr. Pema Chhophel, National Co-Director and Dorji Dradul, Chief Research Commu. Officer
Total		0.186		

The National Soil Service Centre (NSSC), Semtokha had not imposed liquidated damages amounting to Nu. 0.047 million for delay in supply of computer and stationeries in contravention to terms and conditions of tender. Similarly the Procurement Section of the Ministry of Agriculture had not imposed liquidated damages amounting to Nu. 0.098 million for the delay in supply of computers, printers and its accessories, lab equipment and field equipment.

4.1.4 Mismanagement of Revenue and Taxes – Nu. 1.194 million

The following agencies under the Ministry of Agriculture had not realized sale proceeds, and lease rent amounting to Nu.1.194 million:

Table 4.4 showing the agencies which had irregularities in taxes and Revenue (Nu. in million)

Sl.No	Agency	Amount	IR No. & Date	Who are Accountable ?
1	RNR-RC Yusipang	0.207	IR(RTICD-RNRRC-MoA) 2004/4049 dated 21/1/05	Kezang Tshomo, Programme Officer
2	Divisional Forest Office, Gedu	0.747	IR/RAA/MOA(DFO-Gedu)/ TICD/2004/5864 dated 4 th July 2005	Sonam Tshering, DFO
3	Divisional Forest Office, Samtse	0.240	RAA/RTICD(DFO-SAMTSE)2002-04/5968 dated 14/7/05	Sonam Tshering, former DFO and Pasang W. Norbu DFO
Total		1.194		

The details of irregularities are discussed hereunder:

- ✚ The management of RNR-RC Yusipang had not realized the sale proceeds of apples sold from its orchard to Tshering Zangmo, Bonday, Paro amounting to Nu.0.207 million;
- ✚ The BBPL had deposited lease rent of Nu 2.209 million as against the outstanding of Nu. 2.956 million leaving a balance of Nu. 0.747 million besides fine of Nu. 4.100 million;

- ✚ Against the total unrealized forest lease rent of Nu. 0.774 million, the DFO, Samtse reported the recovery and deposit of Nu. 0.534 million leaving a balance of Nu. 0.240 million pertaining to M/s Bhutan Board Products Ltd; and
- ✚ As per the prevailing system, the royalty is paid by FDCL only when the timbers are sold and TROCO issued by the DFO. However, the sale of timbers mostly takes place much later after the logging operations leading to deterioration of timber and higher cull percentage resulting to loss of revenue to the Government.

4.1.5 *Mismanagement of Fund – Nu.0.273 million*

The following agencies under the Ministry of Agriculture had not surrendered closing balances of cash and diverted fund as under:

Table 4.5 showing the mismanagement of fund. (Nu.in million)

SI.No	Agency	Amount	IR No. & Date	Who are accountable?
1	Sakteng Wildlife Sanctuary, Tashigang	0..248	IR/OAAG-SJ/SWS(IR-84) 2005/3875 dated 14/11/05	<i>Singay Jamtsho and Dr. Sangay Wangchuk and Pema, the Park Manager</i>
2	Brown Swiss Cattle & Horse Breeding Programme, Bumthang	0.025	IR(03)BT/BSCHB P/2004-05 /2064 dated 31/1/05	<i>Karma Phuntsho former accountant presently the accountant, Royal Court of Justice, Chhukha</i>
Total		0.273		

The details of mismanagement of funds are discussed hereunder:

- ✚ The Assistant Personnel Officer of the Ministry of Agriculture, Singay Jamtsho had availed one month training on Office Records Storage and Retrievals at Sunrise Training Institute, Pune in India incurring an expenditure of Nu. 0.197 million under SDS project for Sakteng Wildlife Sanctuary (SWS). No provision was there to provide training to the personnel not belonging to the Park Management. However, the Administration submitted that it was not appropriate to state that he is not belonging to SWS management as he was partly engaged in managing the wildlife sanctuary;
- ✚ The Sakteng Wildlife Sanctuary Project, Tashigang had purchased equipment/furniture worth Nu. 0.051 million and issued it to the Nature Conservation Division (NCD), HQ, as against the Grant Agreement to support the NCD with two sets of computers as institutional support. The Administration submitted that it was done in order to maintain NCD office up to standard level as per the order of the Ministry; and

- The cash closing balance of Nu. 0.025 million for the financial year 2002-03, which was brought forward as opening balance in the financial year 2003-04 had not been surrendered to the DBA as on the date of audit (15.12.04).

4.1.6 *Non utilization of slaughter house*

Brovilla slaughter house constructed at a cost of Nu. 2.500 million in Samdrupjongkhar in 1993 had been kept idle for many years as reported by the RVL Khaling. Further, two ESP staff were permanently engaged to look after the slaughter house incurring an annual expenditure of Nu. 0.080 million.

The Administration submitted that they are interested to use it as there is no other facility for hygienic meat processing in the region if allowed to operate as envisaged

Who is Accountable?

Dr. Jambay Dorji, Regional Veterinary Officer is held accountable.

4.1.7 *Malpractices and Abuses – Nu.0.423 million*

There were instances of malpractices and abuses in the following agencies of the Ministry of Agriculture in the form of booking expenditure without executing the work and submission of false bills and adhoc and arbitrary deductions of claims:

Table 4.6 showing cases of the malpractices and abuses (Nu. in million)

SL No.	Agency	Amount	IR No. & Date	Who are accountable?
1	Land Use and Natural Resources Planning II Project, Ministry of Agriculture	0.423	RAA(AG-SP)2005/6715 dated 31/8/05	Karma Thinley, Tang Gup; Pelzang Wangchuk, Project Manager, Danida Project, PPD, MOA; Dzongdag Kunzang N. Tshering, Bumthang Jigme Dorji, DAO, Bumthang; Sonam Wangdi, Dy. Secretary, and Pema Y. Rinzin, Finance Officer, AFD, MOA.
2	Divisional Forest Office, Tsirang	-	IR/RAA-04/Report-27/2004-05/575 dated 11/2/05	Kaka Tshering, DFO
Total		0.423		

- The Land Use and Natural Resources Planning II Project in the Ministry of Agriculture had booked the entire amount of advance of Nu. 0.423 million given to Tang Geog through the Dzongkhag Administration, Bumthang for the construction of a bridge over River Tang as expenditure. Based on the

feedback received from the Liaison Office of Denmark (LOD), the RAA carried out an investigation on the construction of a bridge at Pralang under Tang Geog and noted that the bridge was not constructed. As intimated by the department of Local Governance, Tang Gup has been directed to deposit the balance amount; and

- ✚ The Divisional Forest Officer, Tsirang restricted the TA/DA claims of officials by cutting down the amount to almost half of actual claims on ad-hoc basis, although the officials had performed tours in line with chapter 21 on Travel Rules and Regulations of BCSRR 2002. It was stated that the amounts had been cut down for sustaining the travel budget till the end of fiscal year.

4.1.8 *Non accountal of closing cash balance – Nu.0.034 million*

The closing cash balance of Nu. 0.034 million for the financial year 2003-04 was neither surrendered to the Department of Budget and Accounts nor physically available during the audit. On enquiry it was stated to have been used by the Accountant, Karma Tshewang. Although the money was later deposited in the RAA, any administrative action taken against the accountant besides the suspension is yet to be communicated to the RAA.

Who is Accountable?

Karma Tshewang, Accountant is held accountable for misappropriating the amount and DFO, Paro is held accountable for non- initiating administrative actions.

4.1.9 *Encashment of earned leave prematurely*

The Chief Human Resources Officer of the Ministry of Agriculture had allowed some officials of the Secretariat to encash earned leave prematurely by crediting their leave account in advance.

Who is Accountable?

Kinga Wangdi, Chief Human Resources Officer is held accountable.

4.2 Ministry of Finance

The Royal Audit Authority during the year had issued 12 reports of agencies under the Ministry of Finance. The total significant irregularities pointed out in the agencies under the Ministry of Finance aggregated to Nu 13.712 million as summarized below:

Table 4.7 showing the observations with category code and amount involved (Nu. in million)

Sl.No	Observations in brief	Amount	Category code
1	Malpractices and abuses	0.094	1.2
2	Intentional double bookings/irregular/unauthorized payments	0.036	2.2
3	Mismanagement of Revenue and taxes	0.036	3.4
4	Violation of Accounting Norms	1.488	4.3
5	Violation of Acts/Directives/Policies	0.270	4.5
6	Irregularities in advances	11.788	5.6
Total		13.712	

As noted above major irregularities pertained to advances, violation of accounting norms and intentional double bookings/irregular/unauthorized payments, mismanagement of revenue and taxes while there were a few instances of malpractices and abuses. The significant irregularities are presented in detail hereunder:

4.2.1 Malpractices and abuses - Nu. 0.094 million

The Regional Revenue and Customs Office (RRCO), Gelephu had cases of malpractices and abuses amounting to Nu.0.094 million as summarised below:

Table 4.8 showing the cases of malpractices and abuses (Nu. in million)

SL. No	Name of Department	Amount	IR. No. & Date	Who are accountable?
1	Regional Revenue and Customs Office, Gelephu	0.066	IR/RAA-04/Report-28/04-05/771 dated 01/05/2005	Rinzin Gyeltshen, Accountant
2	Regional Revenue and Customs Office, Gelephu	0.028	IR/RAA-04/Report-28/04-05/771 dated 01/05/2005	Rinzin Gyeltshen, Accountant
Total		0.094		

✚ The RRCO, Gelephu had deposited Nu.0.024 million out of Nu.0.091 million withdrawn but not recorded in the Cash Book. The recoverable balance stood at Nu.0.066 million; and

- ✚ Rinzin Gyeltshen, Accountant had not handed over cash balance of Nu.0.028 million to his successor while proceeding to Malaysia for training.

4.2.2 *Intentional double bookings/irregular/unauthorized payments- Nu.0.036 million*

In spite of pointing out in earlier audit reports, the Liaison & Transit Office (LTO), Kolkata had paid telephone rental and call charges of its employees amounting to Nu.0.079 million till March 2005. However, Nu.0.043 million for telephone 22473981 was regularised vide MOF letter No.MoF/IAS/2G/2005-06/2022 dated 1.11.05 as it was being used for internet connection. The balance amount of Nu.0.036 million was assured to be recovered from the concerned officials.

Who is Accountable?

Kesang Dorji, LTO, and Tenzin Lhendup, FO.

4.2.3 *Outstanding Personal Income Tax (PIT) -Nu.0.036 million*

The additional tax for the income year 2003 amounting to Nu.0.036 million had not been realized by the RRCO, Gelephu.

Who is accountable?

Karma Lhatu, Sr. Tax Officer and Tshewang Tashi, Regional Director are held accountable.

4.2.4 *Adjustment of imprest account of RBE, Bangkok on the strength of statement - Nu.1.448 million*

The Ministry of Finance had adjusted an amount of Nu.1.448 million merely on the strength of a simple statement submitted/ forwarded by the RBE, Bangkok

Who is accountable?

Letho, Dy. Secretary, Sonam Leki, Senior Finance Officer, RBE, Bangkok, Chening Peldon, Finance Officer and Tshewang Tenzin, Sr. Accountant are held accountable.

4.2.5 *Non-enforcement of Court Verdict -Nu.0.270 million*

As per the verdict of the Dungkhag Court, Phuentsholing, M/s Lhaden Liquor Shop had been instructed to pay the outstanding amount of Nu.1.400 million. An amount of Nu. 1.130 million was found deposited leaving a balance of Nu.0.270 million. The Administration submitted that they were awaiting final decision from the Ministry of Finance as the vendor had approached the Ministry for write off of the amount through the DRC.

Who is accountable?

Choizang Tashi, Regional Director and Kipchu Tshering, Head Excise are held accountable.

4.2.6 Irregularities in advances - Nu. 11.788 million

The Ministry of Finance and the Department of National Properties had unadjusted advances amounting to Nu.11.788 million as summarised below:

Table 4.9 showing the unadjusted advances (Nu. in million)

SL. No.	Name of Department	Amount	IR. No. & date	Who are accountable?
1	Department of National Properties	0.084	IR(24)GG-DNP/2005/7949 dated 07/12/2005	<i>Letho, Dy. Secretary, AFD and Tshering Penjor, Senior Accountant</i>
2	Secretariat, Ministry of Finance	11.704	IR(GG-MOF)2005/8051 dated 20/12/2005	<i>Letho, Dy. Secretary, AFD and Chening Peldon, Finance Officer</i>
Total		11.788		

- ✚ The Department of National Properties had the outstanding advances of Nu.0.116 million. Subsequently, the Administration deposited/adjusted Nu. 0.032 million leaving a balance of Nu.0.084 million; and
- ✚ The Secretariat, Ministry of Finance had the outstanding advances of Nu.45.298 million. Subsequently, the Administration adjusted/deposited Nu.33.594 million leaving a balance of Nu.11.704 million.

4.3 Ministry of Information & Communications

The Royal Audit Authority during the year had issued 6 reports of agencies under the Ministry of Information & Communications. The total significant irregularities pointed out in the agencies under the Ministry of Information & Communications aggregated to Nu 5.036 million as summarized below.

Table 4.10 showing the observations with category code and amount involved (Nu. in million)

Sl.No	Observations in brief	Amount	Category code
1	Irregularities in recoveries	4.720	5.7
2	Misappropriation	0.316	2.1
3	Violation of Acts, Directives and Policies norms	0	4.3
Total		5.036	

Major irregularities noted in the Ministry of Information and Communications pertained to the recoveries of taxes. Besides, there were a few instances of misappropriation of office cash and revenue collections. The significant irregularities are presented in detail hereunder:

4.3.1 Outstanding motor vehicles taxes - Nu.4.720 million

The Road Safety & Transport Authority, Phuentsholing had an outstanding amount of Nu.5.230 million on account of Annual Renewal Fee of vehicles for the last two years. The administration subsequently reported recovery of Nu.0.510 million leaving a balance of Nu 4.720 million.

Who is accountable?

Karma Pemba, RTO and Chimi Penjor, Registration & Licensing Officer are held accountable.

4.3.2 Misappropriation - Nu.0.316 million

The Department of Civil Aviation had instances of misappropriation of Nu.0.316 million as summarized below:

Table 4.11 showing cases of misappropriation (Nu.in million)

SL No.	Agency	Amount	IR No & Date.	Who are accountable?
4.1	Civil Aviation	0.165	IR/DSA/CICD/-08/2005/4995 dated 13/4/05	<i>Kinzang Lhendup, Accountant</i>
4.2	-do-	0.151	-do-	<i>Kinzang Lhendup, Accountant</i>
Total		0.316		

✚ A sum of Nu.0.200 million was found short during physical verification of cash. Subsequently, Nu.0.035 million was deposited into Audit Recoveries Account; and

✚ The Department of Civil Aviation had not deposited revenue amounting to Nu.0.151 million in the Revenue Account.

The Administration submitted that since Kinzang Lhendup failed to settle the shortage within the stipulated time, the case had been forwarded to the Ministry of Finance for the final decision.

4.3.3 Commercial vehicles plying even after the completion of life span.

10 number of vehicles registered as taxi in 1997 under RSTA, Phuentsholing were still plying as taxi as per the registration records in violation to the Road Safety and Transport Regulations. Subsequently, 6 vehicles had reportedly been

converted into private vehicles. The whereabouts of 4 other vehicles were yet to be ascertained.

Who is accountable?

Chimi Penjor, Registration and Licensing Officer is held accountable.

4.4 Ministry of Foreign Affairs

The Royal Audit Authority during the year had issued 1 report of the Ministry of Foreign Affairs. Major irregularities pertained to outstanding advances of Nu.5.678 million lying against embassies, suppliers, official of MoFA and other parties as on 30/6/2005. The Ministry submitted that the updated figure after adjustment was Nu.3.264 million and that too were on-going advances paid to individuals traveling to various SAARC/BIMSTEC meetings/seminars and transfers of officials to missions and this would be settled within the financial year 2005-2006.

Who is Accountable?

Pema Wangchuk, Dy. Secretary, AFD Head and Ngawang Lhamo, AFO are held accountable.

4.5 Ministry of Labour and Human Resources

The Royal Audit Authority during the year had issued 3 reports of the Ministry of Labour and Human Resources. The total significant irregularities pointed out in the agencies under the Ministry of Labour and Human Resources aggregated to Nu 11.640 million as summarized below.

Table 4.12 showing the observations with category code and amount involved (Nu. in million)

Sl.No	Observations in brief	Amount	Category code
1	Violation of procurement norms	9.359	4.4
2	Irregularities in advances	2.222	5.6
3	Over/inadmissible/irregular/double payments	0.059	5.1
Total		11.640	

As would be noted from the above table major irregularities in the Ministry of Labour and Human Resources pertain to violation of procurement norms and irregularities in advances. The detailed reports of significant irregularities are presented hereunder:

4.5.1 Violation of procurement norms -Nu.9.359 million

The Ministry of Labour and Human Resources had instances of violation of procurement norms aggregating to Nu.9.359 million as summarized below:

Table 4.13 showing cases of violation of procurement norms (Nu.in million)

SL. No.	Inspection Report No.	Amount	Who are accountable?
1.1	IR(SCD-MoLHR)2005/5286 dated 05/05/05	0.208	Tandin Dorji, Programme Officer
1.2	- do -	9.086	Pema Gyeltshen, Project Manager, PIU
1.3	- do -	0.065	Samten Wangdi, Accountant
Total		9.359	

- ✚ The Ministry had procured Distance Learning Equipment worth Nu.0.208 million based on the rates offered by two bidders in deviation to the Procurement Manual;
- ✚ The contract on expansion of the Institute of Zorig Chusum, Tashiyangtse awarded to M/s Norgay Constructions was terminated for breach of contract by the contractor. The tender was re-floated and the contract was awarded to M/s Gongphel Construction at contract price of Nu.17.969 million. The contract price quoted by M/s Norgay Construction was 13.258 million and further at the time of rescinding the contract, it was assessed that 33% of the work as completed. The balance 67% of the actual work was awarded at a cost difference of Nu.9.086 million. The cost difference was recoverable from M/s Norgay Construction as per the clause 53.1 of the conditions of the contract; and
- ✚ The VTI, Samthang had realized liquidated damages of Nu.0.101 million as against the realizable amount of Nu.0.166 million resulting to short realization of Nu.0.065 million.

4.5.2 Unadjusted advances amounting to Nu.2.222 million

The Ministry had total outstanding advances of Nu.2.222 million.

Table 4.14 showing cases of irregularities in advances (Nu. in million)

Sl. No.	Name of officials/suppliers/others	Amount	Remarks
1	Ms. Bhutan Power Corporation	0.068	Estimate cost
2	Tshering Tobgay, DHR	0.006	Training advance
3	Norgay Construction	2.128	VTI, construction at TIZC
4	Executive Engineer, DoR	0.020	Personal advance
Total		2.222	

Who is accountable?

Pema Gyeltshen, Project Manager, PIU, & Samten Wangdi, Accountant are accountable.

4.5.3 Irregular payment - Nu.0.059 million

The Ministry had paid Nu.0.059 million on account of traveling expenses without travel authorization and travel claims.

Who is accountable?

Pema Gyeltshen, Project Manager, PIU & Samten Wangdi, Accountant are held accountable.

4.6 Ministry of Education

The Royal Audit Authority during the year had issued 8 reports of the Ministry of Education. The total significant irregularities pointed out in the agencies under the Ministry of Education aggregated to Nu 6.136 million as summarized below.

Table 4.15 showing the observations with category code and amount involved (Nu. in million)

Sl. No	Observation in brief	Amount	Category code
1	Violation of procurement norms	3.160	4.4
2	Irregularities in advance	2.912	5.6
3	Non/short deduction	0.064	5.11
	Total	6.136	

As would be noted from the above table, violation of procurement norms and irregularities in advances were the most significant irregularities noted by the RAA in the Ministry of Education. The detailed reports of significant irregularities are presented hereunder:

4.6.1 Acceptance of non-complying bids - Nu. 3.160 million

Education Central Stores, Phuentsholing had procured equipment and extension kits valuing Nu.3.160 million at exorbitant rates. The rates paid were much higher than the rates prevailing in market. The procurement was not based on open bidding. Bids were opened and evaluated irregularly by the Departmental Level Tender Committee (DLTC) instead of Ministerial Level Tender Committee (MLTC). The 7% security deposits amounting to Nu.0.221 million were not deposited by the winning bidders as per the terms and conditions of the contract.

The statement obtained from one of the bidders, M/s Tshering Yangchen Enterprise revealed that the firm had never participated in the bids whereas the Committee members had shown it as one of the bidders in their comparative statement. The Administration submitted that every formality had been observed but failed to produce the payment made to Bhutan Broadcasting Service Ltd for airing the notification.

Who are accountable?

Penjor Dorji, Procurement Officer; Nado Rinchen, Administrative Officer; Dawa Wangchuk, Assistant Planning Officer; Tashi Tobgye, Dy. Secretary, AFD; Tshewang Tandin, Director; Tshewang Dorji, Finance Officer, and Sonam Pemo, Assistant Planning Officer are held accountable.

4.6.2 Unjustified accumulation of advances amounting to Nu. 2.912 million

The Ministry of Education had outstanding advances of 7.337 million. Subsequently, the Ministry of Education reported to have recovered and adjusted Nu.4.425 million thereby leaving a balance of Nu.2.912 million.

Who are accountable?

Sonam Dorji, Project Accountant; Tshewang Dorji, Finance Officer, and Tashi Tobgye, Dy. Secretary are held accountable.

4.6.3 Non-deduction of TDS - Nu.0.064 million

The Ministry of Education had not deducted 2% and 3% TDS amounting to Nu. 0.064 million as required under the taxation rules.

Who are accountable?

Tashi Tobgye, Dy. Secretary, AFD; Tshewang Dorji, Finance officer, and Sonam Nima, Project Accountant are held accountable.

4.7 Ministry of Health

The Royal Audit Authority during the year had issued 5 reports of the Ministry of Health. The total significant irregularities pointed out in the agencies under the Ministry of Health aggregated to Nu 3.544 million as summarized below.

Table 4.16 showing the observations with category code and amount involved (Nu. in million)

Sl. No	Observation in brief	Amount	Category code
1	Over/Inadmissible/Irregular payments	0.067	5.1
2	Irregularities in advances	3.477	5.6
Total		3.544	

As would be noted from the above table, major irregularities pertain to advances. The detailed reports of significant irregularities are presented hereunder:

4.7.1 *Over/Inadmissible/Irregular payments amounting to Nu.0.067 million*

The Ministry of Health had entertained payments which were not admissible under the extant financial rules.

Table 4.17 showing the cases of over/inadmissible/irregular payments (Nu.in million)

SL No.	Agency	Amount	IR No.	Who are accountable?
1	Ministry of Health (MoH)	0.040	IR (SCD-MoH, IA)2005-06/7927 of 6/12/2005	Nado Drukpa, Head, AFD and Bikash Thapa, DCFO
2	- do -	0.027	- do -	Dr. Pema Choden, DMO, Haa , and Dr. Kapila Mani Sharma, Tsimalakha Hospital
Total		0.067		

- ✚ TA/DA amounting to Nu. 0.112 million was paid in excess of entitlements. Subsequently, Nu.0.072 million was deposited into Audit Recoveries Account leaving a balance of Nu.0.040 million; and
- ✚ The Ministry of Health had entertained more than 60% of the actual DSA of a particular place for travel in Bangladesh during field trips resulting in excess payment of Nu. 0.054 million. Subsequently, Nu.0.027 million was deposited into Audit Recoveries Account leaving a balance of Nu.0.027 million.

4.7.2 *Unjustified accumulation of advances Nu.3.477 million*

The Ministry of Health had outstanding advances of Nu.3.503 million against various officials and government agencies. Most of the advances were lying outstanding for more than three financial years. Subsequently, a sum of Nu.0.026 million was adjusted leaving a balance of Nu.3.477 million.

Who is accountable?

Nado Drukpa, Head, AFD and Bikash Thapa, DCFO are held accountable.

4.8 Ministry of Works and Human Settlement

The Royal Audit Authority during the year had issued 15 reports of the Ministry of Works and Human Settlement. The total significant irregularities pointed out in the agencies under the Ministry of Works and Human Settlement aggregated to Nu 19.610 million as summarized below:

Table 4.18 showing the observations with category code and amount involved (Nu. in million)

Sl.No	Observations in brief	Amount	Category code
1	Irregularities in advance	4.255	5.6
2	Irregularities in recoveries	3.714	5.7
3	Non reconciliation & Certification of balances	0.182	5.5
4	Violation of procurement norms	8.655	4.4
5	Over/Inadmissible/Irregular/Double payment	1.123	5.1
6	Malpractice and abuses	0	1.2
7	Irregularities in property management	0	5.9
8	Shortfall and uneconomical operations	0.815	5.12
9	Non/short deduction	0.275	5.11
10	Mismanagement of properties	0.481	3.2
11	Non/short accountal	0.110	2.3
Total		19.610	

As would be transpired from the above table major irregularities in the Ministry of Works and Human Settlement pertained to violation of procurement norms, irregularities in advances and irregularities in recoveries. Shortfall & uneconomical operations and mismanagement of properties were other major lapses. The detailed reports of significant irregularities are presented hereunder:

4.8.1 *Unadjusted advances of Nu 4.255 million*

The Ministry, departments and agencies listed below had advances of Nu.11.919 million lying unadjusted against various government agencies, private parties, staff and officials. Against Nu.11.919 million pointed out, the agencies have reportedly settled Nu.7.664 million in total leaving unadjusted balance of Nu.4.255 million.

Table 4.19 showing cases of outstanding advances (Nu. million)

Sl.No	Agency	OBA	Settled	Bal	IR No and Date	Who are accountable?
1.	Filed Division, Trongsa	3.372	1.472	1.900	IR(02)BT/2005/2433 dated 13/9/05	Dak Tshering, DCFO
2.	Central Store, Phuentsholing	5.367	3.097	2.270	IR/DSA/CICD-07/2005/4852 dated 31/3/05	R.K. Sawar, Chief Accountant
3	Regional Workshop, Hesothingkha	0.116	.068	0.048	IR/RAA-04/Reports-08/05-06/156 dated 21/9/05	K.B.Gurung, AFO,
4	Department of Urban Development & Engineering Services	3.064	3.027	0.037	IR/DSA/CICD-12/2005/4333 dated 24/2/05	Kinley Namgay, Accountant
Total		11.919	7.664	4.255		

4.8.2 *Recoverable amount - Nu.3.714 million*

The amount of Nu.13.422 million shown as outstanding recoveries at the time of audit by various agencies had reportedly recovered Nu.9.708 million as on 31/1/2006 leaving a balance of Nu.3.714 million as tabulated below:

Table 4.20 showing cases of outstanding recoverable (Nu. in million)

Sl.No	Agency	Amount	Settled	Bal	IR No. and Date	Who are accountable?
1.	Secretariat, MoW&HS	0.170	0	0.170	IR/DSA/CICD-26/2005/6541 dated 19/8/05	Dak Tshering, DCFO
2	Suspension Bridge Programme	0.689	0.020	0.669	RAA/CERT/CIC D-02/2005/6068 dated 27/7/05	Dak Tshering, DCFO
3	Regional Workshop, Hesothingkha	12.563	9.688	2.875	IR/RAA-04/Reports-08/05-06/156 dated 21/9/05,	Tshewang Dorji, Project Manager
Total		13.422	9.708	3.714		

4.8.3 Non-reconciliation of WFP remittances - Nu.0.182 million

Reconciliation of the sale of WFP food commodities vis-à-vis the amount remitted by the DoR revealed non-remittance of Nu.0.182 million by the concerned dealing officers.

Who is accountable?

Ugyen Mama Dorji, AFO is held accountable.

4.8.4 Violation of procurement norms - Nu.8.655 million

The agencies listed in the table below under the Ministry of Works & Human Settlement had not complied with the Procurement norms as stipulated in the Procurement Manual.

Table 4.21 showing cases of violation of procurement norms (Nu. in million)

SL No.	Agency	Amount	IR No & Date	Who are accountable?
1	Department of Urban Development and Engineering Services	0.298	IR/DSA/CICD-12/2004/4333 dated 24/2/05	T.M. Abram, JE
2	Department of Urban Development and Engineering Services	0.169	IR/DSA/CICD-12/2004/4333 dated 24/2/05.	Karma Yoezer
3	Department of Roads	0.178	IR/DSA/CICD-02/2005/7810 dated 25/7/05	Karma Rinzin, Project Manager
4	Department of Roads	0.00	-do-	Karma Rinzin, Project Manager
5	Department of Urban Development and Engineering Services	1.001	IR/DSA/CICD-12/2004/4333 dated 24/2/05	T.M. Abram, Junior Engineer
6	FRMD, Thimphu	0.108	IR/DSA/CICD-04/2005/6414 dated 9/8/05	C.B.Mongar, AE
7	FRMD, Thimphu	3.461	-do-	Pema, AE, Chador Gyeltshen, and C.B.Mongar
8	-do-	0.929	-do-	The Ministerial Level Tender Committee
9	-do-	1.513		The Ministerial Level Tender Committee
10	-do-	0.998	-do-	C.B.Mongar, AE
Total		8.655		

- ✚ The Department of Urban Development & Engineering Services had not imposed liquidated damages amounting to Nu.0.298 million for 30 days delay in construction of two blocks residential building, Phase II at

Pemaling, Phuentsholing. Similarly liquidated damages amounting to Nu Nu.0.090 million for 26 days of delay was not levied on M/s Wangchuk Construction;

- ✚ The DUD&ES could not impose penalty on M/s Gyeltshen Furniture for delay of 275 days in supplying prefabricated doors and windows frames due to non inclusion of penalty clause. Non inclusion of penalty clause resulted to a loss of Nu.0.169 million to the government;
- ✚ The Department of Roads had not levied the penalty for one month delay on the construction of Semtokha-Rangchu Bridge on Thimphu Babesa Expressway. The Administration stated that with introduction of monthly milestone contract system, it was not fair to levy penalty for phase works. However, based on new system the contractor was made to pay Nu. 0.028 million;
- ✚ The Department of Roads had not imposed penalty for the delay on construction of Thimphuchu Bridge on Thimphu-Babesa Expressway which was delayed by 1.5 months. The Administration stated that with introduction of monthly milestone contract system, it was not fair to levy penalty for phase works. The Administration was asked to impose the penalty;
- ✚ The deviation for some of the items on the construction of three residential buildings at Pemaling, Phuentsholing had exceeded by 100% amounting to Nu.1.001 million;
- ✚ The Field Road Maintenance Division, Thimphu had not imposed the penalty amounting to Nu.0.108 million on account of delay in completion of construction of Yangthang-Yangtho Goenpa feeder road. The Administration stated that the work got delayed due to non issuance of clearance by the National Environment Commission (NEC). Since the requirement of environmental clearance from the NEC is a pre-requisite for any road construction, the Division was asked to deposit the liquidated damages;
- ✚ A review of approved estimates as per technical sanctions for works executed departmentally by the FRMD, Thimphu revealed an inadmissible payment of Nu.3.461 million. The cost index was found computed on the items not required, items not used and variation of cost index for the same items. The Division had submitted that cost index was applied based on the instruction of the HQ. The views of Ministry and the Department of Roads were yet to be received;
- ✚ Non compliance to Clause 2.2 of the Procurement Manual by the Ministerial Level Tender Committee while evaluating the bids for the award of construction of Takchu Goenpa Road to the highest bidder had resulted into financial loss of Nu.0.929 million to the government.
- ✚ Out of 5 bidders who submitted their bids for the improvement work on road above the High Court, two lowest bidders were rejected on the

ground for not submitting the registration form by one and other for submission of the bid without the signature of the witness. The work awarded finally to M/s Ringdol Construction at Nu. 5.123 million also did not fulfill the bid criteria (bid security validity) as such the government had to bear a financial loss of Nu.1.513 million due to improper evaluation; and

- ✚ Had the Field Road Maintenance Division, Thimphu substituted v-shape drain construction for storm water drain on Takchu-Goenpa Feeder Road, the government could have saved Nu.0.998 million. The RAA had advised the Division to seek the views of the Ministry on the matter.

4.8.5 Over/Inadmissible/Irregular/Double payment - Nu.1.123 million

The following Department and Division under the Ministry of Works and Human Settlement had irregular and inadmissible payments amounting to Nu. 1.123 million:

Table 4.22 showing cases of over/inadmissible/irregular payments (Nu. in million)

SL. No.	Agency	Amount	IR No & Date	Who are accountable?
1	Department of Urban Development and Engineering Service	1.065	IR/DSA/CICD-12/2004/4333 dated 24/2/05	Tshering Penjor, JE
2	FRMD, Phuentsholing	0.058	IR/DSA/CICD-12/2005/6436 dated 10/8/05	Tsheten Dorji, Executive Engineer
Total		1.123		

- ✚ M/s T & K Construction had availed advances for the construction of three Blocks Residential buildings and upon completion a sum of Nu.1.065 million was found adjusted as work done for the work not executed. The management admitted the excess payment and was advised to deposit the amount in Audit Recoveries Account.
- ✚ The cost index of 10.59% paid to the contractor by the FRMD, Phuentsholing was not in line with cost index of the Department of Roads. The difference in the cost index had resulted into an excess payment of Nu. 0.058 million.

4.8.6 Acceptance of defective works

M/s R. D. Construction, Contractor for the Base Course Work (BCW) at Samtegang Feeder Road had provided 130 mm thickness for the BCW at various stretches against the required 150 mm resulting into acceptance of sub-standard work.

Who is accountable?

Kado Drupa, AE was held accountable.

4.8.7 *Missing dozer bucket*

The unaccounted Bull Dozer Bucket lying in the SBS Complex, Phuentsholing had been unauthorizedly taken by Karma Gyeltshen, Assistant Store Officer. The Administration submitted that the matter was reported to the Director, Department of Roads and decision was awaited.

Who is accountable?

Director, DOR and Store Officer are held accountable.

4.8.8 *Shortfall and uneconomical operations – Nu.0.815 million*

Instances of uneconomic operation of machines and short receipts of materials amounting to Nu.0.815 million observed under the Ministry of works and Human Settlement are as listed below:

Table 4.23 showing shortfall and uneconomical operations (Nu. in million)

SL No.	Agency	Amount	IR No & Date	Who are accountable?
1	Mechanical Division, Thimphu	US \$ 0.006	IR/DSA/CICD-20/6233 dated 29/7/05	Tandin Wangyel Assistant Engineer
2	-do-	0.815	-do-	Sonam Dorji, Joint Director
Total		US\$0.006 + 0.815		

✚ The Mechanical Division, Thimphu had short receipt of spare parts worth US\$ 0.006 million and SG\$ 148.00 respectively against the advances released to various suppliers. Further, acceptance of partial shipment and non levy of liquidated damages for delayed supply of spare parts was in violation of the agreement. The Administration reported that supply of spares from M/s Costex Corporation had been completed and other suppliers are under detail scrutiny. The RAA had asked the Administration to levy liquidated damages for the delays in accordance with the agreement; and

✚ A scrutiny of income expenditure statement of Stone Crusher Machine installed at Lingmethang for supplying stone aggregates to Road Maintenance Sections of Eastern Region revealed a loss of Nu.0.815 million. Further, the Ministry of Works and Human Settlement demanded and received one crusher from Japanese Grant in 2005 for utilization at Thimphu-Babesa Express way. However, the Division could not use the equipment for intended purposes as the works on express way were awarded to the contractors. The Division responded that they had identified the utilization of newly acquired crusher in the vicinity of Kilikar area as the quartzite tested was found unsuitable for use. The Division promised that once the crusher is operationalised the Division would not only cover up the losses incurred earlier but would also make

substantial revenues. The RAA had requested the Ministry to take appropriate measures to ensure optimal use of the machinery.

4.8.9 *Non/short deduction - Nu.0.275 million*

Instances of non/short deduction of voids and house rent amounting to Nu.0.275 million observed under the Ministry are listed below:

Table 4.24 showing cases of non/short deductions (Nu. in million)

SL No	Agency	Amount	IR No & Date	Who are accountable?
1	FRMD, Phuentsholing	0.043	IR/DSA/CICD-12/2005/ 6436 dated 10/8/05	Sonam Lhaden, Junior Engineer
2	Department of Urban Development and Engineering Services	0.232	IR/DSA/CICD-12/2004/ 4333 dated 24/2/05	Phuntsho Wangdi, AE to follow –up and officials concerned as per the Audit Report.
Total		0.275		

- ✚ Due to non-deduction of 15% void from stone boulders of 100mm excess payment of Nu.0.043 million was made to the Contractor. The Administration had accepted the excess payment and was advised to deposit the amount. However, the amount has not been deposited; and
- ✚ An amount of Nu.0.232 million was short collected due to deduction of house rent @ 30 % of gross salaries of the officials instead of applying prescribed rate on the actual carpet area. After issue of the audit observation, the Administration submitted that the concerned AFDs are directly responsible to deduct the rent as per the rules.

4.8.10 *Mismanagement of properties - Nu. 0.481 million*

Poor coordination between the Project Management and the Mechanical Division had caused hiring of private excavator for Nu.0.481 million despite the availability of Division's excavators as shown in the table below:

Tale 4.25 showing cases of mismanagement of properties (Nu.in million)

SL No	Agency	Amount	IR No & Date	Who are accountable?
1	Mechanical Division, DoR, Thimphu	0.311	IR/DSA/CICD-20/6233 dated 29/7/05	Bharat Darji, Executive Engineer
2	-do-	0.170	-do-	Bharat Darji, Executive Engineer
Total		0.481		

- ✚ The Express Highway Project management had hired Excavator from M/s Rinson Construction for 2 months for Nu.0.311 million instead of deploying the machinery of the Mechanical Division which was lying idle thereby incurring loss to the Division; and

- The Field Road Maintenance Division, Thimphu had hired 12 MT Excavator from M/s Tsheden Hiring Unit for 18 days for Nu. 0.170 million for the construction of road around 108 Chortens at Dochula Pass when the departmental machinery was available at the Regional Workshop, Hesothangkha.

4.8.11 Non/short accountal - Nu.0.110 million

The Ministry had instances of short/non accountals aggregating to Nu.0.110 million as summarized below:

Table 4.26 showing cases of non/short accountal (Nu. in million)

SL No	Agencies	Amount	IR No & Date	Who are accountable?
1	Mechanical Division, DoR, Thimphu	0.040	IR/DSA/CICD-08/05-06/156 dated 21/9/05	Kinzang Norbu, OEA and Karma Lotey, Assistant Engineer
2	Regional Workshop, Hesothangkha	0.070	IR/DSA/CICD-08/05-06/156 dated 21/9/05	Tshering Nidup, PLO
Total		0.110		

- The bill raised by the Thimphu Fleet for Nu.0.040 against the Executive Engineer, Thimphu was found unaccounted and remained uncollected; and
- Tshering Nidup, Pay Loader Operator had handed over 1,930 liters HSD to his successor D.B. Ghalley, Section Officer against the balance stock of 4,452 liters resulting into short handing over of 2,552 liters amounting to Nu.0.070 million.

4.9 Ministry of Trade and Industry

The Royal Audit Authority during the year had issued 5 reports of agencies under the Ministry of Trade & Industry. The total significant irregularities pointed out in the agencies under the Ministry of Trade & Industry aggregated to Nu 0.331 million as summarized below:

Table 4.27 showing the observations with category code and amount involved (Nu. in million)

Sl.No	Observations in brief	Amount	Category Code
1	Mismanagement of human resources		3.3
2	Shortfalls and uneconomical operations		5.12
3	Mismanagement of fund		3.1
4	Malpractices and abuses		1.2
5	Violation of procurement norms	0.331	4.4
Total		0.331	

While as per the above table major irregularity in the Ministry of Trade and Industry was violation of procurement norms, irregularities at SL Nos. 1 & 2 of the Statement have significant implication both in financial term as well as utilisation of human resources. The detailed reports of significant irregularities are presented hereunder:

4.9.1 DGM Field staff remaining idle

The Department of Geology & Mines (DGM) had executed deposit works on geotechnical investigations such as bridge foundation, soil stability and mineral exploration etc. on receipt of written request both from the public and private sector once the estimated cost was deposited into MTI in advance. However, the DGM took up the works depending upon the convenience and availability of their work force.

Some of the deposit works rejected by the DGM were found subsequently awarded to M/s Kelwang Consultancy Firm. There were instances that DGM staffs were remaining idle during the period when the works were taken up by the consultancy firm for which proper reasons were not on record. Besides the DGM staff were working for M/s Kelwang Consultancy Firm. The RAA was of the view that by keeping the staff idle the DGM had been encouraging them taking up the work of private consultant.

Who is accountable?

Dorji Wangda, Director, DGM is held accountable.

4.9.2 Non-achievement of goals and objectives

Out of 38 plots available under the Industrial Estate in Samdrup Jongkhar since 2003, only 18 plots were leased out to private parties. While approval of the Ministry for the drawing in respect of 3 plots was being obtained, remaining plots were yet to be leased out, except one plot earmarked for the construction of office building. The returns accrued from the investment and its utilization was not satisfactory.

Who is accountable?

Binod Pradhan, Officiating Regional Director is held accountable.

4.9.3 Irregular award and implementation of sub-soil investigation twice for the same proposed bridge site by two different agencies

The sub-soil investigation of the following proposed bridge sites were carried out twice; once by DGM and the other by M/s Kelwang Consultancy Firm:

Table 4.28 showing irregular award of works (Nu. in million)

Sl. No.	Executed by	Name of proposed bridge site	Work award/ request letter No. and date	Actual start and end date	Amount
1.	M/s Kelwang Consultancy Firm	(a) Semtokha Rongchu, Ngabe Rongchu	DOR/BD99-2000/work-40/1120 dated 20.9.99	Jan'00-April'00	1.836
		(b) Mangdechu, Bjeezam, Wachey Zam,, Chamkhar Zam, Kuri Zampa	JICA	May'00-Sept'00	1.800
2.	Dept. of Geology & Mines	(a) Semtokha Rongchu, Ngabe Rongchu	DOR/BD/RBS/20.3/200 2-03/956/ dated 01.10.02	8.10.02-26.11.03 - do -	1.025
		(b) Mangdechu, Bjeezam, Wachey Zam, Chamkhar Zam, Kuri Zampa		01.01.98-31.3.98 19.12.97-19.1.98 20.01.98-15.2.98 16.12.97-15.2.98	1.485

Had either M/s Kelwang Consultancy Firm or the DGM done thorough and professional job, the Government could have saved 50% of what was spent.

The DGM in their reply stated that the work for (a) was taken up on the request of the DOR and it was not aware of the subsoil investigation carried out twice for the same site and the work for (b) was taken up on contract between PCI/Docon and DGM. Further, the work was done with good intention and for the benefit of the organization.

The DOR, Roads and Bridge Division in their reply stated that there are two stages in the design of bridge i.e. Basic Design Study and Detail Design Study. For works in (a) M/s Kelwang Consultancy had carried out the drilling works up to a depth of 10 meter only for data used in the conceptual and preliminary design, whereas, the DGM carried out drilling at greater depth for the design of foundations. Regarding the work for (b) the DGM carried out the drilling works on one bank, whereas M/s Kelwang Consultancy was engaged by the Japanese Consultancy firm to carry out the drilling works on the other bank during the *Detail Design Stage*. For Mangdechu Bridge, the drilling works were carried out on both banks and at different locations and greater depth.

Who is Accountable?

Phuntsho Wangdi, the then Superintending Engineer, DOR (Bridges) is held accountable.

4.9.4 Malpractices and abuses

There were instances of malpractices and abuses under the Ministry of Trade & Industry as summarized below:

4.9.4a Execution of Geo-tech-investigation work of M/s Kelwang Consultancy Firm by DGM and its staff

The Department of Roads since 1999 had awarded 12 Geo-tech investigation works to M/s Kelwang Consultancy Firm without verifying its technical and professional competency. The consultancy firm had executed nine of such works engaging technical personnel and equipment of the Department of Geology & Mines. This is clearly an indication of vested interest of those awarding the works to the firm not having technical competency.

Who is Accountable?

Dorji Wangda, Director, DGM and Phuntsho Wangdi, Superintending Engineer, DOR (bridges) are held accountable.

4.9.4b Kalesore, Dolomite investigation done for BCCL without deposit of estimated cost

The DGM had carried out Dolomite exploration works at Kalesore from November 21, 2003 to March 15, 2004 based on the request of Bhutan Carbide and Chemicals Ltd. (BCCL) and approval of the Secretary, MTI. The works were executed involving three officials; one Geologist, one Senior Technical Officer and one Surveyor for 249 man-days without charging fees as applicable.

The execution of deposit works without charging fees to the BCCL as against the normal practice of collecting fees in advance particularly when substantial mandays were involved tantamounted to extending undue favour to the BCCL and loss to the Government.

Who is Accountable?

Dorji Wangda, Director, DGM is held accountable.

4.9.4c New Geo-tech Consultancy firm established

On closure of M/s Kelwang Consultancy Firm due to cancellation of license on 31st December 2002, by way of non-renewal, another firm namely; M/s N & M Consultancy firm bearing license number 1016356 was established. The Ex-General Manager of M/s Kelwang Consultancy Firm, N. B. Dhital was the Executive Director of M/s N & M Consultancy. N.B Dhital was a former employee of the Department of Geology Mines.

The un-executed sub-soil investigation works previously awarded by PCI/Japan to M/s Kelwang Consultancy Firm were taken up by the new firm, as under:

Table 4.29 showing unexecuted works awarded were taken by new firm (Nu.in million)

Sl. No.	Geo-tech service provided to	Nature of work	Location	Start & End Date	Amount	Remarks
1.	YDF	Foundation soil investigation	Above swimming pool	April 03-June 03	0.410	YDF had awarded the work to N&M Consultancy, as it was cheaper to DGM's rate. No sub-soil investigation report was available with YDF
2.	THPA	Coring & non-coring drilling	Pressure shaft & drainage Gallery at Sinchikha	Dec 03-May 04	2.335	The work was awarded to N&M Consultancy at four times higher than DGM's estimate
3.	PCI/Japan	3 No. Bridge foundation	Sunkosh, Wakleytar, Tangmachu	June 04-Nov 04	2.768	Left over work of M/s Kelwang Consultancy taken up by N&M Consultancy

Who is Accountable?

Dorji Wangda, Director, DGM is held accountable.

4.9.5 Irregular procurement of Diamond Core Bits -Nu. 0.331 million

The Diamond Core Bits valuing Nu. 0.331 million were purchased from M/s Laxmi Enterprise in October 1999 in spite of its low performance appraised by Drilling Engineers. The appraisal was based on samples tested at Basochu field, which gave low performance of 16m only against the standard bits which should give 30m to 40m. The procurement and use of Diamond Core Bits, which did not meet the standard norm was an uneconomical purchase.

The MTI and DGM officials stated that after placing the supply order and when the materials were ready to be dispatched, a team consisting of a representative from AFD, MTI, Director DGM and two technical officers who had carried out technical analysis had visited the company for pre-inspection. The company was asked to dispatch it on being satisfied with the quality.

However, this statement does not hold good in absence of adequate evidence of the improved performance capacity of the equipment as the test results had indicated otherwise. A mere inspection of the equipment would not ensure the quality by any standard.

Who is Accountable?

Dorji Wangda, Director, DGM and Dungtu, Procurement Officer are held accountable.

4.10 Ministry of Home and Cultural Affairs

The Royal Audit Authority during the year had issued 2 reports of agencies under the Ministry of Home & Cultural Affairs. The total significant irregularities pointed out in the agencies under the Ministry of Home & Cultural Affairs aggregated to Nu 1.559 million as summarized below:

Table 4.30 showing the observations with category code and amount involved (Nu. in million)

Sl.No	Observations in brief	Amount	Category code
1	Over/Inadmissible/Irregular/Double payment	0.030	5.1
2	Irregularities in property management	0.086	5.9
3	Violation of procurement norms	1.443	4.4
Total		1.559	

As would be transpired from the above table, major irregularity in the Ministry of Home and Cultural Affairs related to the violation of procurement norms. The detailed reports of significant irregularities are presented hereunder:

4.10.1 Excess payment of DSA – Nu.0.030 million.

The Office of the Census Commission made excess payment of DSA to the enumerators during the Population and Housing census amounting to Nu.0.069 million. Against Nu.0.069 million pointed out, Nu. 0.039 million was deposited into the Audit Recoveries Account leaving a balance of Nu.0.030 million

Who is accountable?

Lungten Dorji, Head AFD is held accountable.

4.10.2 Short account of the statue worth Nu. 0.086 million.

During the physical verification of Statues and artifacts of Taksang Monastery in presence of the project engineer and the caretaker, one number 3 feet Guru Dorji Drolo statue valued at Nu. 0.060 million and one number Langchen Palge Sange statue valuing Nu.0.026 million were found missing. The Administration stated that the payment for the cost of statues was made on the basis of written receipts of Dasho Wangchuk on the bills.

Who is accountable?

Kinley Gyeltshen, Damchoe T. Dukpa, Dasho Lham Dorji, Dzongdag and Dasho Wangchuk are held accountable.

4.10.3 Violation of procurement norms-Nu.1.443 million

Taksang Reconstruction Project had violated the procurement norms on the purchase of steel and CGI sheets amounting to Nu.1.443 million as detailed below:

Table 4.31 showing the violation of procurement norms (Nu.in million)

SI No	Agencies	Amount	IR No. & Date	Who are accountable?
1 &2	Taksang Reconstruction Project	0.211	IR(DSA-GG-64) 2005/6405 dated 8.8.05	Kinley Gyeltshen, Project Engineer
		1.232		
Total		1.443		

✚ The Taksang Reconstruction Project had purchased excessive steel worth Nu.0.211 million. The balance stock was found lying in the open air. The management responded that the excessive procurement of steel rods was done due to the fact that during the construction of main Kuenrey, the Committee had decided to build Kuenrey with RCC framed structure with traditional wall with stone mortar. Thus the project proceeded for purchasing steel rods with actual estimate of steel required for the building. However, in the actual implementation again it was decided that the building was to be reconstructed in traditional way without using the RCC frames. The left over steel rods can be used for the reconstruction of toilets, kitchens and bridges for the renovation of Zangtopalri Lhakhang and Zimchung Sarpo; and

✚ Out of 4,112 pieces of CGI sheets procured for the project only 748 pieces were used. The balance 3,364 pieces valuing Nu.1.232 million were mostly used for purposes not intended for. Further, 540 pieces were found issued to various lhakhangs as per the orders of the Project Manager. The management informed that the camps of carpenters, woolaps and 3 big work sheds had to be provided with CGI sheet roofing as per the instruction of the Project Manager. This was because during summer/rainy season it was difficult to work and reside with temporary roofing such as bamboo mats and tarpaulin which needed frequent changing. The excess other than 540 pieces was utilized during the re-construction of Taksang Pelphu.