

NON GOVERNMENTAL ORGANISATIONS

4.42 Construction Association of Bhutan

The Royal Audit Authority during the year had issued 1 report of the Construction Association of Bhutan. The total significant irregularities pointed out aggregated to Nu.0.830 million as summarized below:

Table 4.109 showing misappropriation (Nu.in million)

Sl.No	Observation in brief	IR No. & Date	Amount	Who are Accountable?
1	Misuse of cash	RAA(IR-05)CFID/2005/8010 dated 14.12.05	0.680	Game Tshering, General Secretary
2	Other misappropriation	RAA(IR-05)CFID/2005/8010 dated 14.12.05	0.150	
Total			0.830	

✚ The Construction Association of Bhutan had maintained an Imprest Account (CD/9422) with the Bank of Bhutan, Thimphu which was operated by the General Secretary. The funds were transferred to this account from the main Account (18005018) maintained with the Bhutan National Bank and from the six Withholding Accounts maintained with the BOB branches located at Phuentsholing, Punakha, Mongar, Bumthang, Trashigang and Gelephu.

The Imprest Account maintained with the Bank of Bhutan, Thimphu was closed on 12th January 2005 with book balance of Nu.0.680 million. However, neither the cash was available for physical verification nor any documents were made available to vouch for any expenditure incurred; and

✚ The Construction Association of Bhutan had transferred the amount of Nu. 0.150 million from the CAB OD Account No. 18005018 to the CD Account No. 9313 pertaining to the GDL- National Consulting Firm maintained with the Bank of Bhutan, Thimphu as advance towards conducting the feasibility study. However, the documents such as contract agreement, proposals outlining objectives and purpose, approval, output reports etc. related to the feasibility studies were not produced for scrutiny and as such, the audit could not ascertain the authenticity of the advance released.

The management submitted that the payment of Nu. 0.150 million was the consultancy fee which pertained to the appropriation of the National Construction Consortium working fund of Nu. 0.230 million as explained in the 2004 current status report.

Besides not producing the related documents for further scrutiny, the audit had also established that the General Secretary of the Association was the proprietor of the GDL- National Consulting Firm bearing License No. 1013646, thereby raising the question on conflict of interest.

4.43 Royal Society for the Protection and Care of Animals

The Royal Audit Authority during the year had issued 1 report of the Royal Society for the Protection and Care of Animals. The total significant irregularities pointed out aggregated to Nu.1.184 million as summarized below:

Table 4.110 showing the summary of observations with category code and amount involved (Nu.in million)

Sl. No.	Observations in brief	Amount	Category code
1	Violation of Procurement Norms	0.303	4.4
2	Non-maintenance of records	0.881	5.2
Total		1.184	

As noted above major irregularities pertained to procurement without tenders and non maintenance of records. The detailed reports of the significant observations are presented hereunder:

4.43.1 Violation of procurement norms – Nu. 0.303 million

The Royal Society for the Protection and Care of Animals had procured Office Equipment and Furniture worth Nu. 0.303 million without inviting quotations. The management justified that the office equipment have been purchased from M/S Peljorkhang since it is an authorized dealer of Dell computer in Bhutan. As for the furniture, it stated that it had bought from M/s Better Products being an agent of BPPL.

Who is Accountable?

Dr. Kinley Dorji, Treasurer is held accountable.

4.43.2 Non maintenance of records – Nu. 0.881 million

A sum of Nu. 0.881 million was collected on account of donations made to the Royal Society for the Protection and Care of Animals by various organizations and individuals during the period since inception to June 2002. However, the actual amount collected could not be authenticated in the absence of money receipts issued for the collections. The management stated that the lapses had occurred during the initial phase of the Society when there was no fixed staff. The

other reason attributed was documents being misplaced when the office was housed in the office of the Department of Agriculture.

Who is Accountable?

Sonam Choden, Asstt. Manager and Tashi Payden T, Executive Director are held accountable.

4.44 Bhutan Chamber of Commerce and Industry

The Royal Audit Authority during the year had issued 1 report of the Bhutan Chamber of Commerce and Industry. The total significant irregularities pointed out aggregated to Nu.0.289 million as summarized below:

Table 4.111 showing the summary of observations with category code and amount involved (Nu.in million)

Sl. No.	Observations in brief	Amount	Category code
1	Irregularities in advances	0.157	5.6
2	Violation of procurement norms	0.132	4.4
Total		0.289	

As noted above major irregularities pertained to grant of excessive advances and procurement without tender. The detailed reports of the significant observations are presented hereunder:

4.44.1 Irregularities in advances – Nu. 0.157 million

An amount of Nu. 0.157 million was lying outstanding against the officials of the Bhutan Chamber of Commerce and Industry. It was also noted that the fresh advances were released without liquidating the old advances.

The management of BCCI stated that most of the advances pertain to the imprest money, salary advances and personal advances that are being adjusted from claims and salaries.

Who is Accountable?

Kinley Tenzin, Asstt. Accountant and Chhimi Dorji, Finance Officer are held accountable.

4.44.2 Violation of procurement norms – Nu. 0.132 million

The Bhutan Chamber of Commerce and Industry had come up with the idea of publishing “BCCI Business Directory 2005”, to be widely circulated at free of cost to all BCCI counterparts and other business organizations. Accordingly, the BCCI Regional Office, Phuentsholing had collected the advertisement fees

amounting to Nu. 0.132 million from the interested business units during the year 2004 and 2005 and was transferred to the Bank account No. 8418 pertaining to BCCI Head Office. However, it was found that the work of publication of the Business Directory was awarded to M/s Bhutan Media Services without inviting rates from other competent media firms in contravention to the procurement norms.

The management justified that the work was awarded directly to BMS in view of its expertise in publishing international standard Business Directory. It also stated that the BCCI did not have to bear any additional cost as it was covered in the agreement that BMS would bear all the publication expenses without BCCI having to incur any additional cost. It stated that it had received 1000 copies of well-published Business Directory.

Who is Accountable?

Karma Donnan, Project Officer and Bap Kinga, Vice President are held accountable.

4.45 National Women Association of Bhutan

The Royal Audit Authority during the year had issued 3 Reports of NWAB. The total significant irregularities pointed out aggregated to Nu.2.622 million as summarized below:

Table 4.112 showing the summary of observations with category code and amount involved (Nu.in million)

Sl. No.	Observations in brief	Amount	Category code
1.	Improper maintenance of records	0	5.3
2.	Non/short deduction	0.027	5.11
3.	Violation of Procurement norms	1.014	4.4
4.	Non maintenance of records	1.337	5.2
5.	Violation of accounting norms	0.074	4.3
6.	Over/ inadmissible/ Irregular/ double payments	0.170	5.1
Total		2.622	

As noted above major irregularities pertained to violation of procurement norms, non maintenance of records and inadmissible payment. The detailed reports of the significant observations are presented hereunder:

4.45.1 *Improper maintenance of records*

The UNDP had granted an amount of Nu. US \$ 41,990.00 for implementation of the BIOMASS Briquetting project by the NWAB. As against the grant, the NWAB had disbursed the above funds by cheque amounting to Nu. 2.014 million in favour of Project Coordinator in the form of advances during 2001 & 2002. The Project Coordinator had neither submitted expenditure statements along with necessary supporting documents to the NWAB nor maintained proper Books of Accounts as per the RGoB Rules and Regulations.

Who is Accountable?

Dasho Daw Dem, Secretary and Singye Tobgye, Project Coordinator are held Accountable.

4.45.2 *Short/non deductions – 0.027 million*

The Project management had not deducted 2% & 3% TDS amounting to Nu. 0.027 million from the national and non national suppliers respectively despite specific guidance issued by the NWAB.

Who is Accountable?

Singye Tobgay, Project Coordinator is held Accountable.

4.45.3 *Violation of Procurement norms – Nu. 1.014 million*

The Project management had purchased briquetting plant and machinery, hardware items and sawn timber amounting to Nu. 1.014 million without calling requisite quotations. It was seen that the hardware items worth Nu. 0.158 million were purchased directly from M/s Zomlha Enterprise, Thimphu.

Who is Accountable?

Singye Tobgay, Project Coordinator is held Accountable.

4.45.4 *Non maintenance of records – Nu.1.338 million*

The Project management had not maintained inventory register and log book for fixed assets, vehicle and store items worth Nu.1.338 million.

4.45.5 *Violation of accounting norms – Nu. 0.074 million*

There were instances of violation of accounting norms amounting to Nu.0.074 million under the project as summarized below:

Table 4.113 showing violation of accounting norms (Nu.in million)

Sl.No	Observations in brief	Amount	IR No. & Date	Who are Accountable?
1	Payment without bills and receipts	0.037	RAA(IR-06)CFID/2005/6923 dated 21/09/05	Singye Tobgay, Project Coordinator
2	Payment on hand receipts	0.037		
Total		0.074		

- ✚ The project management had made the payment of Nu. 0.037 million for demonstration of briquetting plant, bus fare, expenses on food and transportation charges. However, the payments were not supported by supporting documents; and
- ✚ The project management had made the payment of Nu. 0.037 million on account of hiring charges of the vehicle. However, it was noticed that the payment was made based on hand receipts on which the name of the payee was not mentioned. Further, the purpose of hiring the vehicle was not known and since no rates were mentioned, the basis for paying the hiring charges could not be authenticated.

4.45.6 *Over/ inadmissible/ irregular/double payments – Nu. 0.170 million*

There were a few instances of irregular payments amounting to Nu.0.170 million under the project as summarized below:

Table 4.114 showing over/Inadmissible/Irregular/Double payments (Nu.in million)

Sl.No	Observations in brief	Amount	IR No. & Date	Who are Accountable?
1	Unjustified payment	0.141	RAA(IR-06)CFID/2005/6923 dated 21/09/05	Singye Tobgay,, Project Coordinator
2	Payment not covered by agreement	0.029		
Total		0.170		

- ✚ The Project Co-ordinator had claimed Nu. 0.141 million on account of Traveling Allowance and Daily Allowance for his visits to various Dzongkhags and Kolkatta, India in connection with the Briquette Project during the year 2002. However, it was found that no travel authorization was prepared in all the travels and such travels/ payments were not approved by the competent authority; and
- ✚ The project had made the payment of Nu. 0.029 million to Ratan Mukherjee as salary for the months of January, February, March and April and on account of lodging claims. However, in the absence of terms of engagement, the employment status of the employee could not be ascertained and validity of payment of salary and lodging claims could not be authenticated.