

# PERFORMANCE AUDIT REPORT

The Royal Audit Authority has been reposed with the responsibility of evaluating and reporting on the economic, efficient and effective management of scarce resources of the Government. Systematic audits on the efficiency of systems and effectiveness of operations are conducted by the RAA to ascertain that scarce government resources such as human, financial and material are procured, protected, and utilized with due regard for economy, efficiency and effectiveness by the implementing agencies, and intended objectives/goals set are being achieved.

During the year, the Royal Audit Authority had issued three Performance Audit Reports including two reports on the performance audit of Rural Water Supply & Sanitation (RWSS) Schemes implemented by the Dzongkhag Administration Chhukha and Samtse. The Rural Water Supply and Sanitation (RWSS) Program is a part of the Danish assisted Health Sector Support Program, Phase II in Bhutan. The main objective of this program is *“A sustainable Capacity at all levels for the provision of sufficient water in terms of quantity, quality and for safe use of water among the rural population in the Dzongkhags of Bhutan”*.

The third report was on the effectiveness of the Memorandum of Understandings (MoU) signed between the Ministry of Labour & Human Resources and Private Companies.

Significant observations contained in the Performance Audit Reports are detailed below:

## **5.1 Rural Water Supply Scheme, Samtse & Chhukha Dzongkhags**

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The Rural Water Supply Schemes in both the Dzongkhags were started during the 8<sup>th</sup> Five Year Plan with a span of 5-10 years. The objective of the Scheme was to provide sufficient and safe water at home to 80-90% rural population by the year 2004. The Royal Audit Authority had audited the schemes carried out in the 8<sup>th</sup> Five Year Plan and some ongoing schemes under the 9<sup>th</sup> Five Year Plan covering the period from 1999-2004. Tables 1&2 show the number of new and rehabilitation schemes carried out during the 8<sup>th</sup> & 9<sup>th</sup> FYP.

Table 5.1 showing schemes status in 8<sup>th</sup> & 9<sup>th</sup> FYP (Samtse Dzongkhag)

Period	Plan targets			Completed			Balance			Accomplishments %			Remarks
	New	Rehab	SP	New	Rehab	SP	New	Rehab	SP	New	Rehab	SP	
8 <sup>th</sup> FYP	10	25	0	22	15	0	12	10	0	220%	60%	n/a	New schemes 220% of the target. Rehab. 40% below the target.
9 <sup>th</sup> FYP	24	13	5	10	5	0	14	8	5	43%	38%	0%	Accomplishment in the first two years.

Table 5.2 showing schemes status in 8<sup>th</sup> & 9<sup>th</sup> FYP (Chhukha Dzongkhag)

Period	Plan targets			Completed			Balance			Accomplishments %			Remarks
	New	Rehab	SP	New	Rehab	SP	New	Rehab	SP	New	Rehab	SP	
8 <sup>th</sup> FYP	20	30	50	35	13	16	0	14	34	175%	43.33%	32%	New schemes 175% of the target. Rehab. 56.67% below the target.
9 <sup>th</sup> FYP	40	18	5	11	7	3	33	15	2	27.50%	38.88%	40%	Accomplishment in the first two FY years of 9 <sup>th</sup> Plan

Of the above schemes, the RAA had reviewed 12 Schemes in each Dzongkhag. The Schemes had benefited 707 households having population of 5,065 under the Samtse Dzongkhag and 346 households with the population of 3,583 under the Chukha Dzongkhag.

One major reason that had hampered the effectiveness of the Program in both the Dzongkhag was due to site surveys of water sources undertaken in monsoon season. The Survey Guidebook issued by the Public Health Engineering Division requires the survey for the water source to be conducted during the lean season of the year. This has resulted in water sources being dried up in some five projects during lean seasons. Beneficiaries did not get water from the Scheme. They had to resort to the old method of collecting water from the ponds. Other Significant findings were as under:

### **5.1.1 False Muster Roll claims Nu. 0.046 million- A question of integrity**

The Dzongkhag administration, Samtse had engaged Muster Roll labourers for the construction of different RWSS schemes. The RAA checked the engagement of labourers and noted that extra names had been shown as engaged involving false payment of Nu. 0.046 million. The RAA noticed such instances of false claims were due to non-existence of proper internal check and control.

### **5.1.2 *Non-existent Water Supply Scheme***

As per the record maintained by the Samtse Dzongkhag, Water Supply Scheme for Maney community was constructed during the 8<sup>th</sup> Plan. Upon site visit the RAA found that the Scheme which was said to have been constructed & operational in Maney was never constructed.

### **5.1.3 *Diversion of RWSS material to other activities***

While verifying the issues of the RWSS materials in the Samtse Dzongkhag, the RAA found materials meant for RWSS Schemes were diverted to other activities like maintenance of building, VVIP guesthouse and urban water supply etc. which were already budgeted under the RGoB funding.

The Dzongkhag Administration, Chhukha assured that they will initiate action as per the RAA's recommendations to correct the mistakes and improve the quality of water supply for the betterment of rural households.

The Dzongkhag Administration, Samtse expressed that:

- ✚ Money shown as false claim of Muster Roll was withdrawn in advance in order to avoid budget lapse which at later stage have been paid to two masons engaged for the completion of work. As Dzongkhag action was not as per the provision of the Financial Rules & Regulations, 2001, Dzongkhag has indicated not to repeat such practice.
- ✚ The Scheme was terminated due to disturbances and could not be completed; and;
- ✚ The diversion of RWSS materials happened due to excessive materials lying in the Store which have been issued for Government property maintenance.