

## DZONGKHAG ADMINISTRATIONS

### 6.10 Dzongkhag Administration, Bumthang

During the period, the Royal Audit Authority had issued one audit report of the Dzongkhag Administration, Bumthang. There were one hundred and five observations pointed out in the reports involving Nu.187.588 million.

However, eighty six observations amounting to Nu.179.571 million were settled. The total unresolved significant irregularities amounted to Nu.5.844 million as summarised below:

Sl. No.	Observations in brief	Nu. in million	Category Code
1	Fraud, Corruption & Embezzlement	0.943	1 & 2
2	Shortfalls, Lapses & Deficiencies	4.901	5
<b>Total</b>		<b>5.844</b>	

#### 1 Fraud, Corruption and Embezzlement – Nu. 0.943 million

There were cases of indicators of fraud, corruption & embezzlement involving Nu.0.943 million as summarised hereunder:

Sl. No.	Observations in brief	Nu. in million	Para No.	Who are accountable?
1.1	Fictitious adjustment/ payments	0.018	4.5	Subash Bishwa, Officiating FO; Bhim Raj Yogi, AFO; Sangay Wangchuk, Cultural Officer; Thinlay, JE and Pema Jungney, Dzongrab
1.2	Payments for work not executed	0.853	1.4, 1.5a&b	Gem Dorji, Officiating DE and PL Subba, Project Engineer
1.3	Shortages of materials	0.072	1.10, 1.20	Gem Dorji, Officiating District Engineer; Thinlay, Site Engineer and Karma Jamtsho, Electrician
<b>Total</b>		<b>0.943</b>		

The cases are explained below:

#### ***1.1 Fictitious adjustment/payments - Nu.0.018 million***

The Dzongkhag had paid travelling and daily allowances of Nu.0.018 million to the folk dancers in November 2005. However, another advance of Nu.0.018 million was paid to an official for payment to the folk dancers and was accordingly adjusted in April 2006 resulting into fictitious payment of Nu.0.018

million. Although, the amount was recovered at the instance of the audit, no action had been taken for the corrupt practice.

### **1.2 Payments for works not executed - Nu.0.853 million**

- a) The Dzongkhag had paid Nu.0.149 million for works not executed on the installation works of water meters and chambers. However, an amount Nu.0.141 million was subsequently recovered leaving a balance of Nu.0.008 million. No action had been taken.
- b) While the average depth of pipe trenches actually dug for laying of pipes was 0.60m, the depth used for making payment to the contractor was 0.90m resulting into payments for works not executed amounting to Nu.0.367 million. No action had been taken.
- c) While the sand bedding layer of 0.10m for laying of pipes was not provided, the payment for the same had been released resulting into payment of Nu.0.337 million for works not executed. No action had been taken.

### **1.3 Shortages of materials – Nu.0.072 million**

- a) There were shortages of construction materials such as woollen carpets, flooring planks, plywood and panelling worth Nu.0.038 million in the construction of Gyelyum Zimchung at Kurjey. No action had been taken.
- b) A set of Mercury Vapour Lamp, 200/250V and 117 CFL lamp, 20w procured in the maintenance of Gyelyum’s Lhakhang and Zimchung at Kurjey were not available on physical verification. The cost of missing items amounted to Nu.0.034 million. No action had been taken.

## **2 Shortfalls, Lapses and Deficiencies – Nu. 4.901 million**

There were cases of shortfalls, lapses and deficiencies involving Nu.4.901 million as summarised hereunder:

Sl. No.	Observations in brief	Nu. in million	Para No.	Who are accountable?
2.1	Excess payments to contractors/suppliers	0.050	1.8	Gem Dorji, Officiating DE and PL Subba
2.2	Non-recovery of cost of retrieved boulders	0.023	1.2	Karma Tenzin, Project Engineer; Gem Dorji, Officiating DE and Subash Bishwa, Officiating FO
2.3	Non/irregular adjustment of advances	0.252	5.2 & 1.11	Bhim Raj Yogi, Assistant FO; Subash Bishwas, DCA; Tenzin Dorji, Census Assistant; Kuenzang N. Tshering,

				Dzongdag; Sangay Wangchuk, Dzongrab; Gem Dorji, Officiating DE; Pema Lhendup, Site Engineer and Karma Thinlay, Ex-Gup
2.4	Outstanding advances	4.576	5.1	Subash Bishwa, Officiating FO and Bhim Raj Yogi, AFO (Supervisory)
	<b>Total</b>	<b>4.901</b>		

The cases are explained below:

### **2.1 Excess payment to the contractor – Nu.0.050 million**

The Dzongkhag had allowed excess payment of Nu.0.050 million in the construction of Reinforced Cement Concrete (RCC) slab over Chamkhar drainage and rehabilitation of footpath at Jakar. The excess payment had occurred due to difference in the quantity of works actually executed and the measurement recorded in the Measurement Book. No action had been taken.

### **2.2 Non-recovery of cost of retrieved stone boulders - Nu.0.023 million**

The retrieved stone boulders from the stone masonry walls of the diversion drain were found used in the construction of the cut off drains but the cost of the materials amounting to Nu.0.023 million was not realised from the contractor. No action had been taken.

### **2.3 Non/irregular adjustment of advances Nu.0.252 million**

- a) An advance of Nu.0.025 million was adjusted against the expenses incurred on account of farewell party organized for the incoming and outgoing officials of the Dzongkhag. Instead of refunding the advance on recovery of the amount from the salaries of the staff, an adjustment details was submitted. Further, an expenditure of Nu.0.010 million was stated to have been incurred on providing of food to Indian labourers engaged for Dzongsel woola while there were no documents substantiating the employment of Indian labourers for the said work. No action had been taken.
- b) The Dzongkhag had released an advance of Nu.0.450 million to Karma Thinlay, ex-Gup, Tang for renovation of Kunzangdrak Lhakhang against which an expenditure of Nu. 0.233 million was found incurred. The balance amount of Nu.0.217 million was neither refunded nor adjustment details submitted to the Dzongkhag. No action had been taken.

### **2.4 Outstanding advances - Nu. 4.576 million**

The Dzongkhag had advances of Nu.4.576 million lying outstanding against various suppliers, contractors and employees.

## 6.11 Dzongkhag Administration, Chukha

During the period, the Royal Audit Authority had issued one audit report of the Dzongkhag Administration, Chukha. There were eight observations pointed out in the report involving Nu.10.225 million.

However, one observation amounting to Nu.2.364 million was partially settled. The total unresolved significant irregularities amounted to Nu.7.730 million as summarised below:

Sl. No.	Observations in brief	Nu. in million	Category Code
1	Fraud, Corruption & Embezzlement	0.384	1 & 2
2	Mismanagement	0.082	3
3	Shortfalls, Lapses & Deficiencies	7.264	5
	<b>Total</b>	<b>7.730</b>	

### 1 Fraud, Corruption and Embezzlement – Nu. 0.384 million

There were cases of indicators of fraud, corruption & embezzlement involving Nu.0.384 million as summarised hereunder:

#### 1.1 *Fictitious payments/ expenditure – Nu.0.384 million (Para 1.1 & 1.2)*

- a) In the construction of the model dairy, poultry and piggery sheds, the labourers, suppliers and transporters were shown to have been paid more than what was actually received by them. This had resulted in fictitious payments of Nu 0.028 million claimed through false bills. Although, the amount was deposited into ARA, no action had been taken for the fictitious payments.

#### ***Who is accountable?***

*Pema Dorji, DLO*

- b) The Phuentsholing Higher Secondary School had withdrawn a total of Nu. 0.356 million on account of wages for the night guard. However, the said night guard appeared to have left the service three years earlier while the payments continued to be recorded, which was illegitimate. No action had been taken.

#### ***Who are accountable?***

*Naina Kala Gurung, Principal and Karma Dhendup, DEO*

## 2 Mismanagement – Nu. 0.082 million

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There were cases of mismanagement involving Nu.0.082 million as explained hereunder:

Sl. No.	Observations in brief	Nu. in million	Para No.	Who are accountable?
2.1	Non collection of house rents	0.082	6.4	Tshewang Tashi, Revenue Assistant and Karma Dukpa, Dungpa
2.2	Unauthorised occupation of Government cottages	-	8.1	Karma Dukpa, Dungpa
	<b>Total</b>	<b>0.082</b>		

The cases are explained below:

### ***2.1 Non collection of house rents - Nu.0.082 million***

The Dungkhang Administration, Phuentsholing had not collected rents aggregating to Nu.0.082 million from the occupants of Government Round Building and other government flats. The case had been referred to the Royal Court of Justice, Phuentsholing.

### ***2.2 Unauthorised occupation of Government cottages***

The erstwhile PWD cottage, the present PWD cottage, the erstwhile Guest House of MTI, and the erstwhile Guest House of Department of Forest in Phuentsholing were being occupied by private personnel. The Administration had stated that it has intimated the occupants to surrender the houses.

## 3 Shortfalls, Lapses and Deficiencies – Nu. 7.264 million

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There were cases of shortfalls, lapses & deficiencies involving Nu. 7.264 million as summarised hereunder:

Sl. No.	Observations in brief	Nu. in million	Para No.	Who are accountable?
3.1	Undue delay in settlement of claims	0.123	3.3	Rinchen Namgyal, Dzongkhag Health Officer
3.2	Outstanding advances	7.141	4.1	
3.3	Non-registration of lands	-	8.2	Dungkala, Land Record Officer
	<b>Total</b>	<b>7.264</b>		

The cases are explained below:

### **3.1 Undue delay in settlement of claims - Nu. 0.123 million**

As per the verdict no. 4948 dated 28/8/2003 of the Royal Court of Justice, Chukha Sonam Tenzin, contractor was to refund the amount of Nu.0.123 million within 25/8/2004. In case of failure to deposit the amount on the stipulated date, the defaulter would be penalized as per the penal code of the Kingdom of Bhutan. Notwithstanding the above verdict, the contractor had not deposited the amount of Nu.0.123 million. The Administration had stated that it is in the process of tracing out the incumbent for appropriate actions.

### **3.2 Outstanding Advances - Nu. 7.141 million**

The Dzongkhag had advances of Nu 7.141 million lying outstanding against various officials, suppliers and contractors.

### **3.3 Non registration of land - 246.30 acres**

The Dzongkhag during the year had acquired a total of 246.30 acres of government/private land for the construction of various government infrastructures. However, the land acquired was not registered in the name of the concerned sectors. The Administration had stated that it is in the process of registering the properties.

## **6.12 Dzongkhag Administration, Dagana**

During the period, the Royal Audit Authority had issued one audit report of the Dzongkhag Administration, Dagana. There were fifty eight observations pointed out in the report involving

Nu.2.356 million. However, forty eight observations amounting to Nu.1.515 million were settled. The total unresolved significant irregularities amounted to Nu.0.755 million as summarised below:

Sl. No.	Observations in brief	Nu. in million	Category Code
1	Fraud, Corruption & Embezzlement	0.148	1 & 2
2	Shortfalls, Lapses & Deficiencies	0.607	5
	<b>Total</b>	<b>0.755</b>	

### **1 Fraud, Corruption and Embezzlement – Nu. 0.148 million**

There was one case indicating fraud, corruption and embezzlement involving Nu.0.148 million as explained hereunder:

### 1.1 *Payment for goods not received - Nu.0.148 million (Para 1)*

The Dzongkhag had paid a sum of Nu.0.148 million to M/s Chamling Enterprise, Thimphu towards the cost of testing tools not received by the Dzongkhag. No action had been taken.

#### **Who are accountable?**

*Tashi Gyeltshen, Adm. Officer and Shyam Kr. Ghalley, Store In-charge*

## 2 **Shortfalls, Lapses and Deficiencies – Nu. 0.607 million**

There were cases of shortfalls, lapses & deficiencies involving Nu.0.607 million as summarised hereunder:

Sl. No.	Observations in brief	Nu. in million	Para No.	Who are accountable?
2.1	Excess payments to contractors	0.143	22.1, 25.1	Namgang Tshering, DE.; Karma Choida, Site Engineer and Tandin Wangdi, AE.
2.2	Non-adjustment of advances	0.249	27.1	Tshechu, FO and Bidhya Nepal, Accountant
2.3	Outstanding advances	0.215	11	Tashi Gyeltshen, Admn. Officer (Supervisory)
	<b>Total</b>	<b>0.607</b>		

The cases are explained below:

### 2.1 *Excess payments to contractors – Nu.0.143 million*

- a) The Dzongkhag had made excess payments of Nu.0.079 million in the construction of approach road to Daga BHU Gr-I. No action had been taken.
- b) In the construction of Dzongkhag Yargay Tshogchung Hall at Dagana, the contractor was paid Nu. 0.044 million for providing & laying of 2<sup>nd</sup> class brick work in superstructure above plinth level up to floor 2 level in Cement Mortar 1:4 as against the payable amount of Nu.0.001 million. Further, the total amount payable to the contractor was Nu. 3.679 million as against the actual payment of Nu. 3.700 million resulting into excess payments of Nu.0.064 million. No action had been taken.

### 2.2 *Non-adjustment of advances – Nu.0.249 million*

In the construction of Library Block at Daga Middle Secondary School, the contractor, M/s. T. T. Construction, Thimphu had availed a total advance of Nu.1.234 million against which total adjustment of Nu.0.985 million was made at

the end of the contract leaving a balance of Nu.0.249 million unadjusted. No action had been taken.

### **2.3 Outstanding advances - Nu.0.215 million**

The Dzongkhag had advances of Nu.0.215 million lying outstanding against various individuals, contractors and parties.

## **6.13 Dzongkhag Administration, Gasa**

During the period, the Royal Audit Authority had issued one audit report of the Dzongkhag Administration, Gasa. There were sixteen observations pointed out in the report involving Nu.2.871

million. However, thirteen observations amounting to Nu.2.685 million were settled. The total unresolved significant irregularities amounted to Nu.0.133 million as summarised below:

Sl. No.	Observations in brief	Nu. in million	Category Code
1	Shortfalls, Lapses & Deficiencies	0.133	5
	<b>Total</b>	<b>0.133</b>	

### **1 Shortfalls, Lapses and Deficiencies – Nu. 0.133 million**

There was one case falling under shortfalls, lapses and deficiencies involving Nu.0.133 million as explained hereunder:

#### **1.1 Excess payments to contractor – Nu.0.133 million (Para 1.1b)**

The Dzongkhag had admitted excess payments of Nu. 0.133 million to the contractor in the electrification of the Dzongdag’s residence, Staff Quarters, Guest House, Royal Guest House at Tsachu, Public Guest House and Caretaker’s residence at Tsachu. No action had been taken.

#### **Who are accountable?**

*Krishna Prasad Khatiwara, JE; Samser Rai, DE and Wangchuk Dorji, DEO, then Offtg. Dzongdag*

## 6.14 Dzongkhag Administration, Haa

During the period, the Royal Audit Authority had issued one audit report of the Dzongkhag Administration, Haa. There were two observations pointed out in the report involving Nu.0.305 million.

However, one observation amounting to Nu.0.102 million was settled. The total unresolved significant irregularities amounted to Nu.0.198 million as summarised below:

Sl. No.	Observations in brief	Nu. in million	Category Code
1	Fraud, Corruption & Embezzlement	0.198	1 & 2
	<b>Total</b>	<b>0.198</b>	

### 1 Fraud, Corruption and Embezzlement – Nu. 0.198 million

There was one case indicating fraud, corruption and embezzlement involving Nu.0.198 million as explained hereunder:

#### 1.1 *Misuse of Rural Life Insurance Scheme - Nu.0.198 million (Para 1.1)*

The Dzongkhag during the year 2005 & 2006 had collected Rural Life Insurance premium aggregating to Nu.0.459 million from the public of five Gewogs. The Administration had deposited Nu.0.261 million into the RGR Account and the balance amount of Nu. 0.198 million was misused by the dealing official. The 24% penal interest as on the date of audit had accumulated to Nu.0.072 million. Subsequently, the amount of Nu.0.198 million had been accounted and the accumulated penal interest deposited into ARA. The Dzongkhag had taken administrative action only against the official responsible for the misuse.

#### *Who are accountable?*

*Kinzang Tharchen, Revenue Incharge and Pemba Wangchuk, Dzongdag*

## 6.15 Dzongkhag Administration, Lhuentse

During the period, the Royal Audit Authority had issued one audit report of the Dzongkhag Administration, Lhuentse. There were seventeen observations pointed out in the report involving Nu.2.214 million. However, thirteen observations amounting to Nu.1.398

million were settled or partially settled. The total unresolved significant irregularities amounted to Nu.0.816 million as summarised below:

Sl. No.	Observations in brief	Nu. in million	Category Code
1	Fraud, Corruption & Embezzlement	0.109	1 & 2
2	Mismanagement	0.091	4
3	Shortfalls, Lapses & deficiencies	0.616	5
	<b>Total</b>	<b>0.816</b>	

## 1 Fraud, Corruption and Embezzlement – Nu. 0.109 million

There was one case indicating fraud, corruption and embezzlement involving Nu.0.109 million as explained hereunder:

### 1.1 *Manipulation in deposits of monthly salaries of employees - Nu.0.109 million (Para 1.1)*

The Dzongkhag Accountant, Sherub Gyeltshen had embezzled a sum of Nu.0.109 million through manipulations of monthly pay bills. However, Nu.0.076 million was later deposited into ARA leaving a balance of Nu. 0.033 million. The case had been forwarded to the Royal Court of Justice, Lhuentse, the verdict of which is awaited.

#### **Who are accountable?**

*Sherab Gyeltshen, Accountant; Tashi Jamtsho, FO and Tshewang Norbu, Dzongdag*

## 2 Mismanagement – Nu. 0.091 million

There was one case of mismanagement involving Nu.0.091 million as explained hereunder:

### 2.1 *Short accountal of revenue - Nu.0.091 million (Para 1.3)*

A total revenue collection of Nu.0.773 million was made from the Public on account of cost of excess lands. However, the Dzongkhag Revenue Section had accounted Nu.0.528 million only resulting into short accountal of Nu. 0.245 million. Subsequently, an amount of Nu.0.154 million was deposited into ARA leaving a balance of Nu.0.091 million. The Dzongkhag is in the process of recovering the balance amount.

#### **Who are accountable?**

*Rinzin Dorji, LRO; Phub Thinley, LRO and Rinzin Wangdi, Asstt. Revenue Officer*

### 3 Shortfalls, Lapses and Deficiencies – Nu. 0.616 million

There was one case falling under shortfalls, lapses and deficiencies involving Nu.0.616 million as explained hereunder:

#### 3.1 Outstanding advances - Nu. 0.616 million (Para 4.1)

The Dzongkhag had advances of Nu.0.616 million lying outstanding against various individuals, contractors and parties.

##### **Who are accountable?**

*Phuntsho Wangdi, AFO; Tashi Jamtsho, FO and Tshewang Norbu, Dzongdag (Supervisory)*

### 6.16 Dzongkhag Administration, Mongar

During the period, the Royal Audit Authority had issued one audit report of the Dzongkhag Administration, Mongar. There were thirty four observations pointed out in the report involving

Nu.11.305 million. However, twenty five observations amounting to Nu.6.486 million were settled. The total unresolved significant irregularities amounted to Nu.4.815 million as summarised below:

Sl. No.	Observations in brief	Nu. in million	Category Code
1	Fraud, Corruption & Embezzlement	0.081	1 & 2
2	Violation of Laws and Rules	0.293	4
3	Shortfall, Lapses & Deficiencies	4.441	5
	<b>Total</b>	<b>4.815</b>	

### 1 Fraud, Corruption and Embezzlement – Nu.0.081 million

There were cases of indicators of fraud, corruption & embezzlement involving Nu.0.081 million as summarised hereunder:

Sl. No.	Observations in brief	Nu. in million	Para No.	Who are accountable?
1.1	Intentional irregular payment of personal emolument	0.056	3.3	Lobzang Tenzin, AHRO; Chencho Pem, Accountant and Loknath Dahal, FO
1.2	Shortages of materials	0.025	1.3	Chador Phuntsho, AE and Kinley, Store In-charge
	<b>Total</b>	<b>0.081</b>		

The cases are explained below:

### **1.1 Intentional irregular payment of personal emolument - Nu.0.056 million**

The Dzongkhag had made payment of Nu.0.056 million on account of personal emolument to four of its employees who had already resigned from the services. Subsequently, an amount of Nu.0.006 million was deposited into ARA leaving a balance of Nu.0.050 million. No action had been taken against the officials responsible for the corrupt practice.

### **1.2 Shortages of materials - Nu.0.025 million**

Sixty pieces of 8 feet long CGI sheet of TATA make at the rate of Nu. 422.33 per piece amounting to Nu.0.025 million were found missing during physical verification. No action had been taken.

## **2 Violation of Laws and Rules – Nu.0.293 million**

There were cases of violation of laws and rules involving Nu.0.293 million as summarised hereunder:

Sl. No.	Observations in brief	Nu. in million	Para No.	Who are accountable?
2.1	Muster roll wages paid without acknowledgement	0.023	3.1	Kezang Tshering, JE; Tappo, Dzongrab and Loknath Dahal, FO
2.2	Un-authorized procurement of vehicle	0.270	4.4	Karma Tenzin, Principal and Lhab Dorji, Dzongdag
	<b>Total</b>	<b>0.293</b>		

The cases are explained below:

### **2.1 Muster roll wages paid without acknowledgement - Nu. 0.023 million**

The Muster Roll payment of Nu.0.023 million was incurred for the renovation of Dzong dochay. However, the acknowledgements of the labourers through thumb impressions, signatures or receipts were not obtained to authenticate the payments made. No action had been taken.

### **2.2 Un-authorized procurement of vehicle - Nu.0.270 million**

Gyelposhing Higher Secondary School had collected Nu.0.534 million on account of the sale of sand to the contractor during the financial year 2005-2006. Out of the amount collected, Nu.0.270 million was spent on purchase of a Maruti Van without the approval of the competent authority and in contravention to the directives of the Ministry of Finance. No action had been taken.

### 3 Shortfalls, Lapses and Deficiencies – Nu. 4.441 million

There were cases of shortfalls, lapses & deficiencies involving Nu.4.441 million as summarised hereunder:

Sl. No.	Observations in brief	Nu. in million	Para No.	Who are accountable?
3.1	Over/excess payments	0.035	2.7	Tandin Dorji, Sr. DAO
3.2	Double payments	0.028	2.4	Chencho Pem, Accountant
3.3	In-admissible/ irregular payments	0.052	3.2	
3.4	Outstanding advances	4.326	6.1	Lok Nath Dahal, FO and Tappo, Dzongrab
	<b>Total</b>	<b>4.441</b>		

The cases are explained below:

#### **3.1 Over/excess payment - Nu.0.035 million**

A two-storied Bhutanese type building was hired for Renewable Natural Resource Centre, Chaskhar at the rate of Nu. 3,500.00 per month. However, the approximate carpet area of the whole building was 1167 square feet and the monthly rent payable at the rate of 2.00 per square feet amounted to Nu. 2,334.00 per month. This had resulted into over payment of Nu. 0.014 million. Further, the ground floor of the hired building was occupied by the house owner while monthly rent was being paid by the Government. This has resulted into additional excess payment of Nu.0.021 million. No action had been taken.

#### **3.2 Double payments of personal emolument, allowances and bills - Nu.0.028 million**

The Dzongkhag had paid a sum of Nu. 0.028 million twice on account of personal emolument, Leave Travel Concession, leave encashment and supplier's bills. No action had been taken.

#### **3.3 In-admissible/irregular payments – Nu.0.052 million**

The Dzongkhag had paid Nu. 0.052 million on account of subsistence allowance and mileage claims to the officials who were present in the office as evident from the daily attendance register. No action had been taken.

#### **3.4 Outstanding advances Nu. 4.326 million**

The Dzongkhag had advances of Nu. 4.326 million lying outstanding on account of personal advances, Public Works advances - employees, suppliers and contractors' advances.

## 6.17 Dzongkhag Administration, Paro

During the period, the Royal Audit Authority had issued two audit reports of the Dzongkhag Administration, Paro. There were thirteen observations pointed out in the reports involving Nu.4.447

million. However, five observations amounting to Nu.2.170 million were settled. The total unresolved significant irregularities amounted to Nu.2.277 million as summarised below:

Sl. No.	Observations in brief	Nu. in million	Category Code
1	Fraud, Corruption & Embezzlement	0.376	1 & 2
2	Shortfall, Lapses & Deficiencies	1.901	5
	<b>Total</b>	<b>2.277</b>	

### 1 Fraud, Corruption and Embezzlement – Nu.0.376 million

There were cases of indicators of fraud, corruption & embezzlement involving Nu.0.376 million as summarised hereunder:

Sl. No.	Observations in brief	Nu. in million	Para No.	Who are accountable?
1.1	Payments for works not executed	0.164	1.1, 1.2	Tshering Younten, Former Municipal Engineer and Kinzang, DE for Nu.0.080 million Nado Regay, Municipal Engineer and Kinzang, DE for Nu.0.084 million
1.2	Payments for items provided other than specified	0.212	5.1, 5.2	Kinzang, DE and Nado Regay, Municipal Engineer
1.3	Acceptance of defective works in construction	-	7.1, 7.2	Kinzang, DE and Nado Regay, Municipal Engineer
	<b>Total</b>	<b>0.376</b>		

The cases are explained below:

#### 1.1 *Payments for works not executed – Nu.0.164 million*

- a) In the Street widening of Paro Town, the Dzongkhag had made payments of Nu. 0.080 million for providing and laying 500x300x150mm pre-cast concrete block (kerb). However, the work was found not executed on site inspection. No action had been taken.
- b) In the Urban Development of Paro Town, Nu.0.084 million was paid for works not executed as observed through cross verification of contractor's bill with that of actual construction at site. No action had been taken.

## 1.2 *Payments for items provided other than specified – Nu.0.212 million*

- a) In the Urban Development of Paro Town, over payments of Nu.0.111 million were observed in the construction of Town Plaza and Connector road (Phase II). The over payments had occurred due to substitution of Coursed Rubble Masonry (CRM) with Random Rubble Masonry (RRM) and the masonry in retaining walls were of RRM instead of CRM as per specifications. No action had been taken.
- b) Similarly, over payments of Nu.0.101 million were observed in the construction of Secondary Road (Phase III). The over payment had occurred due to substitution of Coursed Rubble Masonry with Random Rubble Masonry. No action had been taken.

## 1.3 *Acceptance of defective works in construction*

In the Urban Development of Paro Town, the Project Authority had accepted the following defective works:

In the construction of Town Plaza, By Pass and Connector Road:

- the 'V' drain at the Geptay road and the Taju road had not met specific requirements like depth and slope specified in the drawings;
- the by pass road starting from the Taju road had developed potholes; and
- the compound lighting of the Town Plaza was not functioning.

In the construction of Secondary Road:

- the diversion roads were found totally worn out and the front road showed depression at many places; and
- the width of the drain in few places measured only 120mm (*longitudinal laying of one brick*). Such construction would not resist even very light loads. No action had been taken.

## 2 **Shortfalls, Lapses and Deficiencies – Nu.1.901 million**

There were cases of shortfalls, lapses & deficiencies involving Nu.1.901 million as summarised hereunder:

Sl. No.	Observations in brief	Nu. in million	Para No.	Who are accountable?
2.1	Over payments to contractors	1.346	3.1, 3.2, 3.3, 3.4	Tshering Younten, Former Municipal Engineer and Kinzang, DE for Nu.0.267 million Nado Regay, Municipal Engineer and Kinzang, DE for the balance amount
2.2	Inadmissible payments to contractors / employees	0.383	4.1	Tshering Younten, Former Municipal Engineer and Kinzang, DE

2.3	Non availability of materials & Dismantled Account Register	0.172	6	Tshering Younten, Former Municipal Engineer and Kinzang, DE
	<b>Total</b>	<b>1.901</b>		

The cases are explained below:

### **2.1 Over/excess payments to contractors - Nu.1.346 million**

- a) In the Street widening of Paro Town, over payments of Nu.0.267 million were observed on cross verification of measurements recorded in the contractor's bill with that of actual construction at site. No action had been taken.
- b) In the Urban Development of Paro Town, over payments of Nu.0.416 million were observed on the water pump up-gradation works. No action had been taken.
- c) In the Urban Development of Paro Town, over payments of Nu.0.338 million were observed in construction of Town Plaza, Connector Road, By Pass Road, Vegetable Market Shed, Public Toilet, Water Distribution System and Street Lighting of Paro Town (Phase II). No action had been taken.
- d) In the Urban Development of Paro Town, over payments of Nu.0.325 million were observed in construction of Secondary Road, Water Distribution System and Street Lighting. No action had been taken.

### **2.2 In-admissible payments to contractors/employees - Nu.0.383 million**

In the Street widening of Paro Town, the Project Management had made inadmissible payments of Nu.0.383 million. No action had been taken.

### **2.3 Non availability of materials - Nu.0.172 million**

In the Street widening of Paro Town, the contractor had been paid Nu.0.172 million for dismantling of 720.83 m<sup>3</sup> of stone masonry. However, the site engineer neither had maintained the Dismantled Account Register nor were the boulders available for physical verification. No action had been taken.

## 6.18 Dzongkhag Administration, Pemagatshel

During the period, the Royal Audit Authority had issued one audit report of the Dzongkhag Administration, Pemagatshel. There were eight observations pointed out in the report involving

Nu.5.843 million. However, five observations amounting to Nu.5.734 million were settled. The total unresolved significant irregularities amounted to Nu.0.109 million as summarised below:

Sl. No.	Observations in brief	Nu. in million	Category Code
1	Shortfall, Lapses & Deficiencies	0.109	5
	<b>Total</b>	<b>0.109</b>	

### 1 Shortfalls, Lapses and Deficiencies – Nu.0.109 million

There were cases of shortfalls, lapses & deficiencies involving Nu.0.109 million as summarised hereunder:

Sl. No.	Observations in brief	Nu. in million	Para No.	Who are accountable?
1.1	Double payments	0.053	3.1, 3.3	Sonam Gyeltshen, HRO; Tenzin Jamtsho, FO and Kinga Dorji, Accountant
1.2	Excess payments to contractors	0.025	4.1	Kiba Wangchuk, JE and Tshering Nidup, DE
1.3	Outstanding advances	0.031	2.1	Jamba Tsheten, Dzongrab (Supervisory)
	<b>Total</b>	<b>0.109</b>		

The cases are explained below:

#### 1.1 Double payments– Nu.0.053 million

- a) The Dzongkhag had made double payments of Nu. 0.031 million to an official on account of travelling and daily allowances for attending HRO's induction training programme at Royal Institute of Management, Simtokha. No action had been taken.
- b) The Dzongkhag had made double payment of Nu.0.022 million on account of leave encashment to Elementary Service Personnel (ESP) during the financial year 2005-2006. No action had been taken.

### **1.2 Excess payments to the contractor – Nu.0.025 million**

The Dzongkhag had allowed an excess payment of Nu.0.025 million in the construction of additional six classrooms at Nangkor Higher Secondary School. No action had been taken.

### **1.3 Outstanding advances – Nu.0.031 million**

The Dzongkhag had advances of Nu.0.031 million lying outstanding against various officials and contractors.

## **6.19 Dzongkhag Administration, Samdrupjongkhar**

During the period, the Royal Audit Authority had issued one audit report of the Dzongkhag Administration, Samdrup Jongkhar. There were twenty two observations pointed out in the report involving Nu.44.527 million. However,

twenty observations amounting to Nu.40.619 million were settled. The total unresolved significant irregularities amounted to Nu.2.016 million as summarised below:

Sl. No.	Observations in brief	Nu. in million	Category Code
1	Fraud, Corruption & Embezzlement	0.064	1 & 2
2	Shortfalls, Lapses & Deficiencies	1.952	5
	<b>Total</b>	<b>2.016</b>	

### **1 Fraud, Corruption and Embezzlement – Nu.0.064 million**

There was one case indicating fraud, corruption and embezzlement involving Nu.0.064 million as explained hereunder:

#### **1.1 Intentional double claim of travelling and daily allowances - Nu.0.064 million (Para 3)**

The officials who attended the training at Vector-Borne Diseases Control Programme, Gelephu, were paid travelling and daily allowances by the organisation. However, the officials had also claimed travelling and daily allowances from the Dzongkhag amounting to Nu.0.064 million resulting into double claims. Although, the amount had been deposited into ARA, no action was taken against the officials responsible for the fraudulent practice.

### Who is accountable?

Kezang Lhamo, AFO (Supervisory)

## 2 Shortfalls, Lapses and Deficiencies – Nu.1.952 million

There was one case falling under shortfalls, lapses and deficiencies involving Nu.1.952 million as explained hereunder:

### 2.1 Outstanding advances Nu. 1.952 million (Para 21)

The Dzongkhag had advances of Nu 1.952 million lying outstanding against various suppliers, contractors and Government departments.

### Who are accountable?

Kezang Lhamo, AFO; Thinley, DE and Sangay Dorji, Dzongda (Supervisory)

## 6.20 Dzongkhag Administration, Samtse

During the period, the Royal Audit Authority had issued one audit report of the Dzongkhag Administration, Samtse. There were seven observations pointed out in the report involving Nu.13.237 million. However, observations

amounting to Nu.7.589 million were settled. The total unresolved significant irregularities including the paras reflected under the Review Report of the Resettlement Programme amounted to Nu. 3.816 million as summarised below:

Sl. No.	Observations in brief	Nu. in million	Category Code
1	Fraud, Corruption & Embezzlement	2.529	1 & 2
2	Violation of Laws & Rules	0.112	4
3	Shortfall, Lapses & Deficiencies	1.175	5
	<b>Total</b>	<b>3.816</b>	

## 1 Fraud, Corruption and Embezzlement – Nu.2.529 million

There were cases of indicators of fraud, corruption & embezzlement involving Nu.2.529 million as summarised hereunder:

Sl. No.	Observations in brief	Nu. in million	Para No.	Who are accountable?
1.1	Misappropriation	1.608	1.1.1; 4.4	Dago Tshering, LRO; Chimi Dorji, Accountant and T.B Subba, Sr. Surveyor; K.S Tamang,

				Surveyor; BB Mongar, Surveyor, Naiten Dorji, Adm. Officer (retired) and Tashi Gyeltshen, Dzongdag
1.2	Misuse of resettlement programme fund	0.538	3.2.1; 3.2.2; 3.2.3	Sangay Wangdi, former SFO, MoHCA Naiten Dorji, former Adm. Officer, Samtse T.B.Subba, Surveyor, B.B.Mongar, Surveyor, K.S.Tamang and Sangay Wangdi, former SFO, MoHCA
1.3	Fictitious payments	0.127	5.1.1	Loday Gyeltshen, DLO and Tashi Gyeltshen, Dzongdag
1.4	Tampering of records	0.256	2.1.2; 2.1.3, i; 4.1.2	Namgay Tshering, JE; Damchoe, JE; Tshering Wangdi, Accountant; Chhimi Dorji, Accountant and Pasang Dorji, DE
	<b>Total</b>	<b>2.529</b>		

The cases are explained below:

### ***1.1 Misappropriation - Nu. 1.608 million***

- a) The Dzongkhag had cases of misappropriation and fictitious payments aggregating to Nu.1.448 million under the Resettlement Project. The misappropriations were carried out through engagement of fictitious workers, non-execution of works and manipulation of records. No action had been taken.
- b) During the year 2002 & 2003, four houses were burnt down in Pugli and Tading Gewogs and fire insurance claims aggregating to Nu.0.160 million were received from the Royal Insurance Corporation of Bhutan. The insurance money was reportedly withdrawn and used by the then Administrative Officer, Naiten Dorji (retired) instead of disbursing it to the beneficiaries. No action had been taken.

### ***1.2 Misuse of resettlement programme funds – Nu.0.538 million***

The Royal Audit Authority had reported misuse of resettlement programme funds of Nu.0.538 million vide RAA(AG-SP)2007/3593 dated 08/08/2007. The misuse was carried out through non accountal of refunds and non accountal of advances. Despite the seriousness of the cases, the Dzongkhag had not taken any action against the misuse of resettlement funds.

### 1.3 Fictitious payment - Nu.0.127 million

The Dzongkhag Livestock Sector had fraudulently fabricated the expenditure of Nu.0.127 million during the Mass Awareness Campaign on the marketing facilitation and organic local product; farmers groups and its importance; focus household approach; farmer's responsibilities towards Gewog notified diseases control committee and cattle exchange/reducing unproductive cattle program in four Gewogs during the month of November 2005. Although the amount was later deposited into ARA, no actions had been taken on the fraudulent practice.

### 1.4 Tampering of records - Nu.0.256 million

- a) The completion report and handing/taking note on the construction of Head teacher's Quarter at Gomtu Middle Secondary School was tampered to evade the levy of liquidated damages of Nu. 0.030 million. However, on the instance of the audit, the amount was deposited into ARA but no actions had been taken on the fraudulent practice.
- b) In the construction of Aqua Privy Toilet at Denchukha Primary School, the measurements recorded earlier were later inflated to apparently cover up the differences between actual amount admissible and the amount paid to the contractor. The re-verification of the measurements had revealed over payment of Nu. 0.144 million. Although, the amount was later deposited into ARA, no actions had been taken on the fraudulent practice.
- c) There were cases of manipulation of attendance register by overwriting and using correcting fluid to make it "T" (for tour) in order to fabricate the fraudulent travel claims amounting to Nu.0.082 million. Although an amount of Nu.0.062 million had been recovered leaving a balance of Nu.0.020 million, no action had been taken on the fraudulent practice.

## 2 Violation of Laws and Rules – Nu.0.112 million

There were cases of violation of laws and rules involving Nu.0.112 million as summarised hereunder:

Sl. No.	Observations in brief	Nu. in million	Para No.	Who are accountable?
2.1	Payments without verifying rates & records	0.069	3.1.4; 4.1.1	Sonam Tobgyal, Store Incharge; Karchung Dukpa, Adm. Officer; Sacha Gyeltshen, Cultural Officer and Tashi Gyeltshen, Dzongdag
2.2	Non-levy of liquidated damages	0.043	3.1.5	Sonam Tobgye, Store Officer; Karma Dhendup, DEO and Sonam Phuntsho, AFO
	<b>Total</b>	<b>0.112</b>		

The cases are explained below:

### **2.1 Payments without verifying rates and records - Nu.0.069 million**

- a) The Dzongkhag had numerous instances where the rates applied for making payment of supplies were not in accordance with the tendered rates resulting into over payments of Nu.0.043 million. No action had been taken.
- b) The Dzongkhag had entertained travel claims of Nu.0.026 million to officials who did not perform any tour as evident from the Attendance Register. No action had been taken.

### **2.2 Non-levy of liquidated damages -Nu.0.043 million**

The Dzongkhag had failed to invoke relevant penalty clauses for delay in the delivery of supplies, resulting into non-levy of liquidated damages aggregating to Nu. 0.095 million. However, an amount of Nu.0.052 million was later deposited into ARA leaving a balance of Nu.0.043 million. No action had been taken.

## **3 Shortfalls, Lapses and Deficiencies – Nu.1.175 million**

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There were cases of shortfalls, lapses & deficiencies involving Nu. 1.175 million as summarised hereunder:

Sl. No.	Observations in brief	Nu. in million	Para No.	Who are accountable?
3.1	Outstanding advances	1.175	4.2	Choda, JE and Tashi Gyeltshen, Dzongdag (Supervisory)
3.2	Non-registration of land & building	-	7.1	Yeshe Dorji, Dzongrab and Tashi Gyeltshen, Dzongdag
	<b>Total</b>	<b>1.175</b>		

The cases are explained below:

### **3.1 Outstanding advances - Nu. 1.175 million**

The Dzongkhag had advances and municipal taxes of Nu.1.175 million lying outstanding against various officials, suppliers and agencies.

### **3.2 Non-registration of land & building**

Against the total land holding of 46.79 acres under municipal area in Samtse Dzongkhag, none of the land, building and other structures had been registered in the name of the Dzongkhag. Despite the repeated reminders of the Department of National Properties, the Dzongkhag had not furnished the details of movable and immovable assets. No action had been taken.

## 6.21 Dzongkhag Administration, Sarpang

During the period, the Royal Audit Authority had issued two audit reports of the Dzongkhag Administration, Sarpang. There were sixty two observations pointed out in the reports involving Nu.80.326 million. However, fifty two observations

amounting to Nu.75.950 million were settled. The total unresolved significant irregularities including the paras reflected under the Review Report of the Resettlement Programme amounted to Nu. 3.453 million as summarised below:

Sl. No.	Observations in brief	Nu. in million	Category Code
1	Fraud, Corruption & Embezzlement	1.174	1 & 2
2	Violation of Laws & Rules	0.783	4
3	Shortfalls, Lapses & Deficiencies	1.496	5
	<b>Total</b>	<b>3.453</b>	

### 1 Fraud, Corruption and Embezzlement – Nu.1.174 million

There were cases of indicators of fraud, corruption & embezzlement involving Nu.1.174 million as summarised hereunder:

Sl. No.	Observations in brief	Nu. in million	Para No.	Who are accountable?
1.1	Misuse of resettlement programme fund	1.102	3.1	Dorji Dukpa, former Dzongdag, Pema Wangchuk, Sr. Adm. Officer, Phuntsho Wangdi, AFO, Sangay Wangdi, Chief Accountant and Tshering Dorji, PA
1.2	Misappropriation	0.017	1.5	Gem Tshering, DzFo and Sangay Thinley, Dzongdag
1.3	Fictitious adjustment of advances	0.055	1.3	Sonam Tshering, MTO and Sangay Thinley, Dzongdag
	<b>Total</b>	<b>1.174</b>		

The cases are explained below:

### **1.1 Misuse of resettlement programme funds – Nu.1.102 million**

The Royal Audit Authority had reported misuse of resettlement programme funds of Nu.1.102 million vide RAA(AG-SP)2007/3593 dated 08/08/2007. The misuse was carried out through non accountal of cash, cash shortages, non settlement of advances and payment without supporting documents. Despite the seriousness of the cases, the Dzongkhag had not taken any action against the misuse of resettlement funds.

### **1.2 Misappropriation - Nu.0.017 million**

The Dzongkhag had entertained fictitious adjustment of Nu.0.017 million on account of purchase and transportation of seedlings for Plantation on the Social Forestry Day. Although the amount was later deposited into ARA, no actions were taken against the responsible officials.

### **1.3 Fictitious adjustment of advances - Nu.0.055 million**

The adjustment details of Nu. 0.055 million from Agriculture Machinery Centre, Paro was used to settle two different advances of Nu. 0.055 million each resulting into illegal adjustment of Nu. 0.055 million. No action had been taken.

## **2 Violation of Laws and Rules – Nu.0.783 million**

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There were cases of violations of laws and rules involving Nu.0.783 million as summarised hereunder:

Sl. No.	Observations in brief	Nu. in million	Para No.	Who are accountable?
2.1	Execution of substandard works	0.783	2.1	Yeshe Dorji, JE and Passang Dorji, DE
2.2	Submission of delayed and partial service drawings	-	2.3	Passang Dorji, DE; Sonam Dawa, Dzongdag and Dorji Dukpa, Dzongdag
	<b>Total</b>	<b>0.783</b>		

The cases are explained below:

### **2.1 Execution of substandard works – Nu.0.783 million**

The RNR (Renewable Natural Resources) stone masonry building constructed at Umling incurring an expenditure of Nu. 0.783 million was used only for a period of five years and thereafter had remained unserviceable indicating execution of substandard work. No action had been taken.

## 2.2 *Submission of delayed and partial service drawings*

According to the Terms of Reference, the consultant for the Construction of Jigmecholing Dratshang was to incorporate in the design, site development facilities such as Entrance Gates, Parking area, outdoor lighting, courtyards, pathways, passages including appropriate safety system of fire fighting, security alarm, grills, water supply, compound fencing, retaining walls, etc in line with traditional Bhutanese Architecture and functionality. The consultancy fee of 6.5% of the estimated project cost was computed considering all these aspects. However, none of the aforementioned features were incorporated in the final drawings and yet, the Dzongkhag had accepted it without verifying its completeness. No action had been taken.

## 3 Shortfalls, Lapses and Deficiencies – Nu.1.496 million

There were cases of shortfalls, lapses & deficiencies involving Nu.1.496 million as summarised hereunder:

Sl. No.	Observations in brief	Nu. in million	Para No.	Who are accountable?
3.1	Over/excess payments to contractors	0.027	2.2.1	Pema Wangchen, JE and Passang Dorji, DE
3.2	Double adjustment and non-booking of advances	0.392	1.1	Phuntsho Wangdi, AFO; Sangay Wangdi, Accountant; Sonam Dawa, Dzongdag and Dorji Dukpa, Dzongdag
3.3	Non recovery of inadmissible payment of consultancy fees	0.552	2.1	Sonam Dawa, Dzongdag; Dorji Dukpa, Dzongdag; Passang Dorji, DE; Chogyal Dago Rinzin, Dungpa and Phuntsho Wangdi, AFO
3.4	Outstanding advances	0.525	3.2.1	Pema Tenzin, FO and Sangay Thinley, Dzongdag (Supervisory)
	<b>Total</b>	<b>1.496</b>		

The cases are explained below:

### 3.1 *Over/excess payments to contractors – Nu.0.027 million*

The Dzongkhag had allowed an excess payment of Nu. 0.027 million in the construction of six classroom block at Gelephu Higher Secondary School. No action had been taken.

### 3.2 *Double adjustment and non-booking of advances – Nu.0.392 million*

In the construction of Jigmecholing Dratshang, the Dzongkhag had adjusted advances of Nu.0.192 million twice against the Dungkhag Administration,

Gelephu. Further, the Dzongkhag had released an advance of Nu. 0.200 million in favour of Dungpa, Gelephu without booking it in the sub ledger. This had resulted into double adjustment and non-booking of advances of Nu.0.392 million. No action had been taken.

### **3.3 Non recovery of inadmissible payment of consultancy fees - Nu.0.552 million**

In the construction of Jigmecholing Dratshang, the Dzongkhag had paid full consultancy fees, although one full time project engineer and one project architect was not provided as against the condition 2.3, Article 2 of the Terms of Reference. The site was instead supervised by the government engineers resulting into estimated inadmissible payment of Nu.0.552 million. No action had been taken.

### **3.4 Outstanding advances - Nu.0.525 million**

The Dzongkhag had advances of Nu.1.857 lying outstanding against various officials, contractors and suppliers. However, advances amounting Nu.1.332 million were resolved leaving a balance of Nu.0.525 million.

## **6.22 Dzongkhag Administration, Thimphu**

During the period, the Royal Audit Authority had issued one audit report of the Dzongkhag Administration, Thimphu. There were nine observations pointed out in the report involving Nu.1.355 million.

However, five observations amounting to Nu.1.258 million were settled. The total unresolved significant irregularities amounted to Nu. 0.097 million as summarised below:

Sl. No.	Observations in brief	Nu. in million	Category Code
1	Fraud, Corruption & Embezzlement	0.097	1 & 2
	<b>Total</b>	<b>0.097</b>	

### **1 Fraud, Corruption and Embezzlement – Nu.0.097 million**

There were cases of indicators of fraud, corruption & embezzlement involving Nu.0.097 million as summarised hereunder:

Sl. No.	Observations in brief	Nu. in million	Para No.	Who are accountable?
1.1	Misuse of funds	0.052	1.1; 1.2	Pema Tshering, Principal; Kesang Norbu, Principal and Sonam Tshering, DEO

1.2	Payment of travel claims for tours not performed	0.045	2.2	Ugen Tshering Dukpa, FO (Supervisory)
	<b>Total</b>	<b>0.097</b>		

The cases are explained below:

### **1.1 Misuse of funds – Nu. 0.052 million**

- a) The Physical verification of cash balances in Thinleygang Middle Secondary School and Changzamtok Middle Secondary School revealed cash shortages of Nu.0.010 million and Nu.0.008 million respectively. However, the amount of Nu.0.008 million pertaining to Changzamtok Middle Secondary School was later recovered but no action had been taken.
- b) In Thinleygang Middle Secondary School, the boarding and token fees of Nu.0.034 million collected during the academic year 2005 & 2006 were not accounted. However, the amount was later recovered and deposited into ARA but no action had been taken.

### **1.2 Payment of travel claims for tours not performed – Nu.0.045 million**

The Dzongkhag had paid travelling and daily allowances amounting to Nu. 0.045 million for tours not performed as evident from the Daily Attendance Registers. However, the amount had been later deposited into ARA but no actions had been taken against the defaulting officials.

## **6.23 Dzongkhag Administration, Trashigang**

During the period, the Royal Audit Authority had issued one audit report of the Dzongkhag Administration, Trashigang. There were twenty four observations pointed out in the report

involving Nu.2.154 million. However, twenty three observations amounting to Nu.1.996 million were settled. The significant irregularities amounted to Nu.0.110 million as summarised below:

Sl. No.	Observations in brief	Nu. in million	Category Code
1	Shortfall, Lapses & Deficiencies	0.110	5
	<b>Total</b>	<b>0.110</b>	

### **1 Shortfalls, Lapses and Deficiencies – Nu.0.110 million**

There was one case falling under shortfalls, lapses and deficiencies involving Nu.0.110 million as explained hereunder:

### 1.1 Outstanding advance - Nu.0.110 million (Para 8)

The Dzongkhag had advance of Nu.0.157 million lying outstanding against various officials and suppliers out of which Nu.0.047 million was adjusted leaving a balance of Nu.0.110 million.

#### **Who is Accountable?**

*Tashi Wangyel, Finance Officer (Supervisory)*

## 6.24 Dzongkhag Administration, Trashiyangtse

During the period, the Royal Audit Authority had issued two audit reports of the Dzongkhag Administration, Trashiyangtse. There were fourteen observations pointed out in the reports involving Nu.4.406 million. However,

seven observations amounting to Nu.2.762 million were settled or partially settled. The total unresolved significant irregularities amounted to Nu. 1.479 million as summarised below:

Sl. No.	Observations in brief	Nu. in million	Category Code
1	Fraud, Corruption & Embezzlement	0.993	1 & 2
2	Shortfall, Lapses & Deficiencies	0.486	5
	<b>Total</b>	<b>1.479</b>	

### 1 Fraud, Corruption and Embezzlement – Nu.0.993 million

There was one case indicating fraud, corruption and embezzlement involving Nu.0.993 million as explained hereunder:

#### 1.1 Embezzlement of revenue- Nu.0.993 million (Para 1a &1b)

- a) A sum of Nu.0.889 million collected on the account of cost of excess land were misused by the officials dealing with Municipal Taxes. Although, the amount later was deposited into ARA, no action had been taken on the fraudulent practice.

#### **Who are accountable?**

*Tshewang Tenzin, Engineer; Dorji Wangchuk, Building Inspector and Dorji Norbu, Dzongdag*

- b) The proceeds of Nu.0.024 million collected from the sale of 32 dustbins received from the erstwhile Department of Urban Development and Housing, Thimphu were found misappropriated by the officials of the Dzongkhag. Further, the remaining 118 dustbins valuing Nu.0.080 million

were not available in stock. Although, the amount had been later deposited into ARA, no action had been taken on the fraudulent practice.

**Who are accountable?**

*Tshewang Tenzin, Engineer; Dorji Wangchuk, Building Inspector; Kinley, Store officer and Dorji Norbu, Dzongdag*

## 2 Shortfalls, Lapses and Deficiencies – Nu.0.486 million

There were cases of shortfalls, lapses & deficiencies involving Nu. 0.486 million as summarised hereunder:

Sl. No.	Observations in brief	Nu. in million	Para No.	Who are accountable?
2.1	Over/excess payments to contractors	0.124	1.3, 1.6	Tshering Wangchuk, JE; Sonam Dorji, Site Engineer and Sonam Tshering, DE
2.2	Over/excess payments to suppliers	0.027	2.1	Namgyel Dorjee, AAO and Choeda Jamtsho, Dzongrab
2.3	Over/excess payments to employees	0.022	4	Namgyel Dorjee, AAO and Choeda Jamtsho, Dzongrab
2.4	Inadmissible payments	0.073	6	Namgyel Dorjee, AAO and Choeda Jamtsho, Dzongrab
2.5	Outstanding advances	0.240	8	Munish Sharma, FO (Supervisory)
	<b>Total</b>	<b>0.486</b>		

The cases are explained below:

### 2.1 *Over/excess payments to contractors – Nu.0.124 million*

- a) In the Construction of Reinforced Cement Concrete (RCC) Bridge, Footpath, Retaining Wall, Gabion Wall, Steps and Earthwork excavation at Gomkora parking, the Dzongkhag had made over payments of Nu. 0.081 million. No action had been taken.
- b) In the construction of Girls' toilet at Bumdeling Lower Secondary School, the Dzongkhag had made over payments of Nu.0.043 million. No action had been taken.

### 2.2 *Over/excess payments to Suppliers – Nu.0.027 million*

The Dzongkhag had made over payments of Nu.0.027 million to suppliers by way of making payments at rates higher than the quoted rates. No action had been taken.

### 2.3 *Over/excess payments to employees – Nu.0.022 million*

The Dzongkhag had made excess payment of Nu.0.022 million to officials on account of carriage charges of personnel effects. No action had been taken.

### 2.4 *Inadmissible payments - Nu.0.073 million*

The Dzongkhag had made inadmissible payments of travelling and daily allowances of Nu. 0.073 million. The allowances were found paid over and above their entitlements. No action had been taken.

### 2.5 *Outstanding advances Nu.0.240 million*

The Dzongkhag had advances of Nu.0.240 million lying outstanding against various individuals.

## 6.25 Dzongkhag Administration, Trongsa

During the period, the Royal Audit Authority had issued two audit reports of the Dzongkhag Administration, Trongsa. There were thirty two observations pointed out in the reports involving

Nu.15.747 million. However, twenty six observations amounting to Nu.4.822 million were settled. The total unresolved significant irregularities amounted to Nu.4.200 million as summarised below:

Sl. No.	Observations in brief	Nu. in million	Category Code
1	Fraud, Corruption & Embezzlement	0.249	1 & 2
2	Shortfall, Lapses & deficiencies	3.951	5
	<b>Total</b>	<b>4.200</b>	

### 1 **Fraud, Corruption and Embezzlement – Nu.0.249 million**

There were cases of indicators of fraud, corruption and embezzlement involving Nu. 0.249 million as summarised hereunder:

Sl. No.	Observations in brief	Nu. in million	Para No.	Who are accountable?
1.1	Fictitious payments & claims	0.032	1.1a, 1.1b	Dorji Gyeltshen, DLO and Nado, Dzongrab
1.2	Shortages of equipment	0.217	3	Tshering Namgay, Project Manager and Lhab Dorji, Dzongda
	<b>Total</b>	<b>0.249</b>		

The cases are explained below:

### **1.1 Fictitious payments & claims – Nu.0.032 million**

- a) The Dzongkhag while conducting training on Dzongkha Language course had made fictitious payments of Nu. 0.018 million. Further a sum of Nu.0.006 million was shown as expenditure incurred on stationeries to the farmers attending Exposition 2005 at Zhemgang. However, the amount of Nu.0.018 million was later deposited into ARA and administrative actions were taken against the official responsible for the fictitious payments.
- b) During the implementing of rabies control campaign, the Dzongkhag had made fictitious payment of Nu.0.008 million. The amount was however deposited into ARA and administrative actions were taken against the officials responsible for the fictitious payment.

### **1.2 Shortages of equipment – Nu.0.217 million**

The Dzongkhag had reimbursed an amount of Nu.0.217 million to a consultant under Ta-Dzong Renovation Project being the cost of LCD screen, Hard disk, Apple computer and Computer care purchased by him. However, the equipment was not available for physical verification. No action had been taken.

## **2 Shortfalls, Lapses and Deficiencies – Nu.3.951 million**

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There was one case falling under shortfalls, lapses and deficiencies involving Nu.3.951 million as explained hereunder:

### **2.1 Outstanding advances – Nu.3.951 million (Para 7)**

The Ta-Dzong Renovation Project had advances of Nu. 5.750 million lying outstanding against various individuals. However, Nu.1.799 million was later adjusted leaving a balance of Nu.3.951 million.

#### **Who are accountable?**

*Lungten Dorji, Project Director and Tshering Namgay, Project Manager (Supervisory)*

## 6.26 Dzongkhag Administration, Wangduephodrang

During the period, the Royal Audit Authority had issued one audit report of the Dzongkhag Administration, Wangduephodrang. There were thirty four observations pointed out in the report involving Nu.1.294 million. However,

thirty one observations amounting to Nu.1.000 million were settled. The total unresolved significant irregularities amounted to Nu.0.292 million as summarised below:

Sl. No.	Observations in brief	Nu. in million	Category Code
1	Violation of Laws & Rules	0.292	4
	<b>Total</b>	<b>0.292</b>	

### 1 Violation of Laws and Rules – Nu.0.292 million

There was one case of violation of laws and rules involving Nu.0.292 million as explained hereunder:

#### 1.1 *Payment made without verifying the materials received -Nu.0.292 million (Para 3.1.1)*

The Dzongkhag had made a payment of Nu. 3.410 million to the Education Central Stores, Phuentsholing for supply of School textbooks, office stationeries and sports goods. However, some of the schools had partially received the goods while some of the schools had not received the goods at all. The value of goods not received aggregated to Nu. 0.292 million. However, in response to the circulation of the draft audit report, the Dzongkhag had stated that the lapses occurred partly due to non-updating of the stocks registers. The response also indicated that it has now updated the stock registers and had even received some of the books.

#### **Who are accountable?**

*Namgay Tshering, DEO and Sangay Wangchuk, Dzongrab*

## 6.27 Dzongkhag Administration, Zhemgang

During the period, the Royal Audit Authority had issued one audit report of the Dzongkhag Administration, Zhemgang. There were forty four observations pointed out in the report involving Nu.25.571 million. However,

thirty five observations amounting to Nu.23.548 million were settled or partially settled. The total unresolved significant irregularities amounted to Nu.2.019 million as summarised below:

Sl. No.	Observations in brief	Nu. in million	Category Code
1	Fraud, Corruption & Embezzlement	0.028	1 & 2
2	Mismanagement	0.213	3
3	Shortfall, Lapses & Deficiencies	1.778	5
	<b>Total</b>	<b>2.019</b>	

### 1 Fraud, Corruption and Embezzlement – Nu.0.028 million

There were cases of indicators of fraud, corruption and embezzlement involving Nu.0.028 million as summarised hereunder:

Sl. No.	Observations in brief	Nu. in million	Para No.	Who are accountable?
1.1	Manipulation of records	0.012	1.1	Tshering Dorji, Adm. Assistant
1.2	Fictitious payment	0.016	1.3	Dorji Dukpa, DHO
	<b>Total</b>	<b>0.028</b>		

The cases are explained below:

#### 1.1 *Manipulation of records and excess claim of Daily Allowances - Nu.0.012 million*

Tshering Dorji, Adm. Assistant was paid Nu.0.013 million on account of Daily Allowances for attending 6<sup>th</sup> Annual Conference of Dzongkha Development Authority at Phuentsholing. The conference was scheduled for 3 days while the official had manipulated the office order and had claimed allowances for 13 days at the rate of Nu. 1,000.00 per day amounting to Nu.0.013 million. Further, the payment of Daily Allowances at the rate of Nu.1,000.00 per day was not applicable for the conferences held within the country. This had resulted into manipulation of records and intentional excess claim of Nu.0.012 million. However, the amount was later deposited into ARA and administrative actions were initiated against the defaulters.

## **1.2 Fictitious payment – Nu.0.016 million**

During the Measles/Rubella Campaign 2006, the Dzongkhag had allowed fictitious payment of Nu.0.016 million through inclusion of false participants and non-payments. However, the amount was later deposited into ARA and administrative actions were taken against the defaulters.

## **2 Mismanagement – Nu. 0.213 million**

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There was one case of mismanagement involving Nu.0.213 million as explained hereunder:

### **2.1 Non realization of water meter installation charges - Nu.0.213 million (Para 6.1)**

The Dzongkhag had not realized the cost of water meter charges amounting to Nu.0.213 million from the users and the building owners. No action had been taken.

#### **Who are accountable?**

*Budiman Pradhan and Kunzang N. Tshering, Dzongda*

## **3 Shortfalls, Lapses and Deficiencies – Nu.1.778 million**

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There were cases of shortfalls, lapses & deficiencies involving Nu.1.778 million as summarised hereunder:

Sl. No.	Observations in brief	Nu. in million	Para No.	Who are accountable?
3.1	Non-deduction of 7% voids	0.039	5.10.1	B.B. Mongar, PE
3.2	Outstanding advances	1.739	3.1	Jigme Namgyal, FO (Supervisory)
	<b>Total</b>	<b>1.778</b>		

### **3.1 Non-deduction of 7.5% voids - Nu.0.039 million**

In the construction of Internal Road and Internal Water Distribution System, the Dzongkhag had not deducted 7% voids amounting to Nu. 0.039 million from the item “*Supplying/collection & stacking stone aggregate of 63-40mm*” as required. No action had been taken.

### **3.2 Outstanding advances -Nu. 1.739 million**

The Dzongkhag had advances of Nu.1.739 lying outstanding against various individuals, contractors and suppliers. Further, the amount of advances reflected against the employees/parties/contractors between the Memorandum Registers and the Schedule of Public Works Advances (FAM 9.8) reported in the June Final Accounts were in disagreement.