

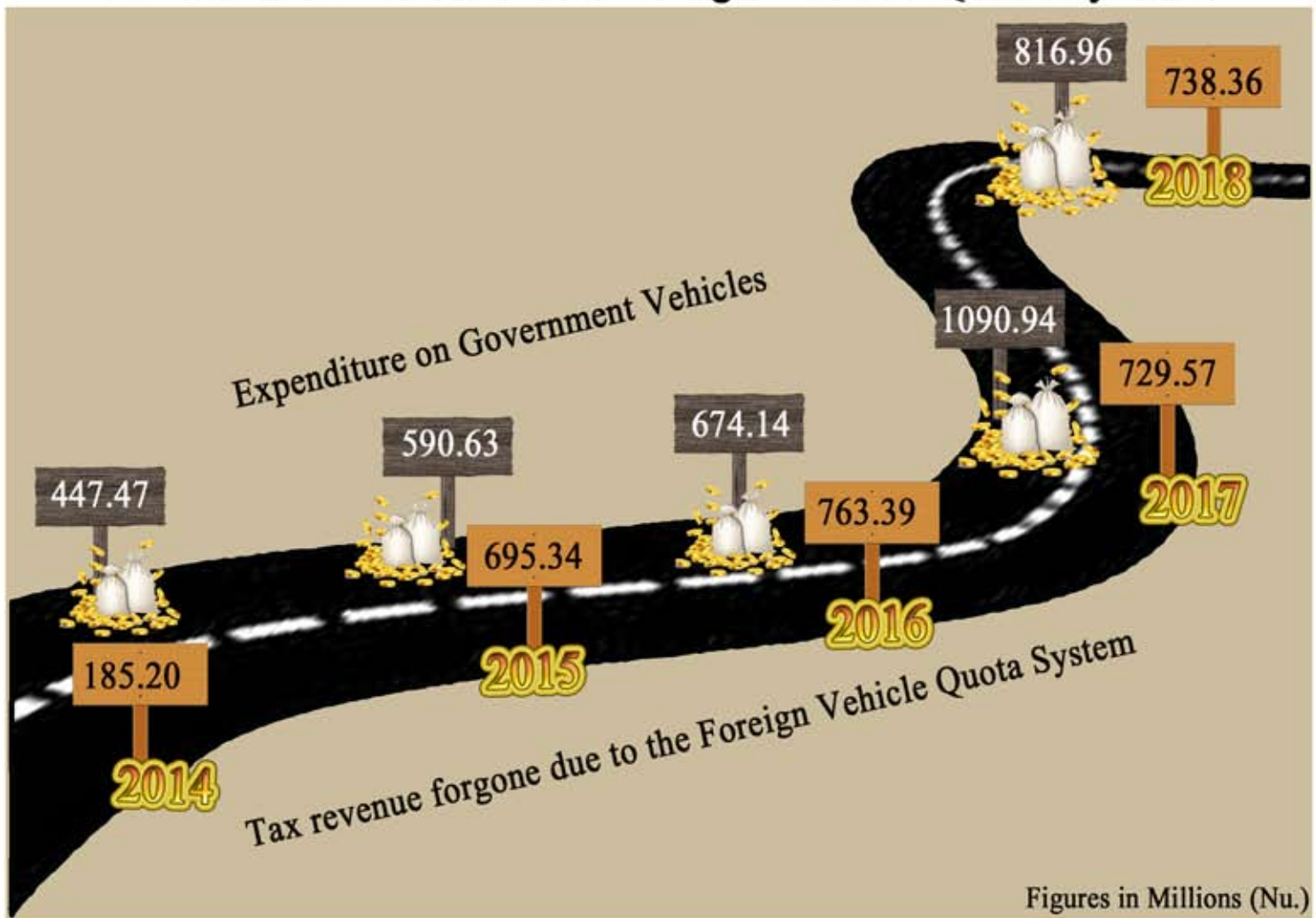
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Review Report

on

Government Vehicles and Foreign Vehicle Quota System



March 2019

Reporting on Economy, Efficiency and Effectiveness in the use of public resources



The Royal Audit Authority conducted the audit in accordance with the International Standards of Supreme Audit Institutions (ISSAIs) based on the audit objectives and criteria determined in the audit plan and programme prepared by the Royal Audit Authority. The audit findings are based on our review and assessment of the information and documents made available by 10 Ministries, 34 Autonomous agencies and 20 Dzongkhags.



རྒྱལ་ཁྲུང་རྩིས་ཞིབ་དབང་འཛིན།

ROYAL AUDIT AUTHORITY
Bhutan Integrity House

Reporting on Economy, Efficiency & Effectiveness in the use of Public Resources



RAA/PSAD/(GV&FVQS)/2018-19/ 7 3 7

21 March 2019

Hon'ble Secretary
Ministry of Finance
Thimphu

Subject: Report on 'Review of Government Vehicles and Foreign Vehicle Quota System'

Sir,

Enclosed herewith, please find a copy of the report on '*Review of Government Vehicle and Foreign Vehicle Quota System*' covering the period 2013-14 to 2016-17. The Royal Audit Authority (RAA) conducted the audit under the mandate bestowed by the Constitution of Kingdom of Bhutan and the Audit Act of Bhutan 2018. The audit was conducted as per the International Standards of Supreme Audit Institutions on performance auditing (ISSAI 3000).

The audit was conducted with the following audit objectives:

- ⊕ To review and assess the adequacy of legislation and policy framework to plan, organize, control, direct, coordinate and manage government vehicles and foreign vehicle quota system;
- ⊕ To ascertain some of the financial and economical implication of the foreign vehicle quota system;
- ⊕ To assess whether the allotment of government vehicles to the agencies are based on the mandate and responsibilities of the agencies;
- ⊕ To assess the adequacy of the controls to ensure economic use of government vehicles;
- ⊕ To assess the extent to which the budgetary agencies are complying with the applicable rules, regulations, policies, procedures and guidelines in place;
- ⊕ To evaluate the monitoring and coordination mechanism instituted to monitor the movement of government vehicles; and
- ⊕ To evaluate the completeness and accuracy of Government vehicle and foreign vehicle quota system database.

The report highlights significant accomplishments and initiatives as well as shortcomings and deficiencies observed by the RAA as summarized in the executive summary and detailed in the **Chapter 2&3** of the report. The RAA has prepared the report based on the documents and data made available by the agencies and discussions held with relevant officials. The RAA shared the draft report with the relevant agencies and responses are incorporated appropriately in the report.

The responses received are attached in **Annexure-I**. Based on the audit findings and comments received, the RAA has provided certain recommendations that require appropriate policy interventions at appropriate level for efficient management of government vehicles and foreign vehicle quota system.

"Every individual must strive to be principled. And individuals in positions of responsibility must even strive harder."
-His Majesty the King Jigme Khesar Namgyel Wangchuck

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The RAA would appreciate receiving an **Action Plan** with definite timeframe for implementation of each audit recommendation on or **before 21 June 2019**. In line with the directives of the Parliament, the RAA will be **fixing accountability** on the officials responsible to implement recommendations provided in the report.

Therefore, we would request the MoF and Cabinet to identify officials responsible for implementation of each recommendation and submit the duly signed **Accountability Statement** to the RAA along with the Action Plan (**attached in Annexure-II and III**). In the event of non-submission of the Accountability Statement or responsible officials not identified, the RAA shall fix the responsibility for implementation of the recommendations on the Head of the Agency.

The RAA will follow-up implementation of the recommendations based on the timeline identified in the Action Plan submitted by the stakeholders concerned. Failing to adhere to the timeframe for implementation of each recommendation may result in taking appropriate actions, which may include **suspending audit clearances** to the accountable officials.

The RAA also take this opportunity to acknowledge the co-operation and support rendered by the officials of 10 Ministries, 34 Autonomous agencies and 20 Dzongkhag Administrations that facilitated smooth completion of the audit.

Yours sincerely,



(Tshering Kezang)

✓ **Auditor General of Bhutan**

Copy to:

1. Hon'ble Lyonchhen, Royal Government of Bhutan, Thimphu;
2. Hon'ble Gyalpoi Zimpon, Office of Gyalpoi Zimpon, Tashichho Dzong, Thimphu;
3. Hon'ble Speaker, National Assembly, Thimphu;
4. Hon'ble Chairperson, National Council, Thimphu;
5. Hon'ble Opposition Leader, National Assembly, Thimphu;
6. Hon'ble Chairperson, Public Accounts Committee, National Assembly, Thimphu (enclosed five copies);
7. Hon'ble Cabinet Secretary, Cabinet Secretariat, Thimphu;
8. Hon'ble Secretary, Nine Ministries, Thimphu;
9. Hon'ble Chairperson, Royal Civil Service Commission, Thimphu;
10. Hon'ble Secretary, National Assembly, Thimphu;
11. Hon'ble Secretary, National Council, Thimphu;
12. Director, Department of Local Government, Thimphu for further dissemination to Dzongkhags and Gewogs
13. Office copy.

"Every individual must strive to be principled. And individuals in positions of responsibility must even strive harder."
-His Majesty the King Jigme Khesar Namgyel Wangchuck

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TITLE SHEET

1.	Title of the Report	:	Review of Government vehicle and Quota system
2.	AIN	:	15836
3.	Audited Entities	:	10 Ministries, 20 Dzongkhags and 34 Autonomous agencies
4.	Schedule of Audit	:	31 August to 30 November 2018
5.	Audit Team	:	<ol style="list-style-type: none"> 1. Leki Tshering Sr. Audit Officer (EID: 201001064) 2. Sonam Phuntsho, Sr. Audit Officer (EID:200701121) 3. Tshering Yangzom, Sr. Audit Officer (EID: 201001062) 4. Subarna Pradhan, Audit Officer (EID:201201160) 5. Sherab Gyeltshen, Asstt. Audit Officer EID:200507263)
6.	Supervising Officer	:	Chhoden, Offtg. Asstt. Auditor General (EID: 200501091) Performance and System Audit Division
7.	Head of Department	:	Chhimi Dorji, Deputy Auditor General, EID: 9610060) Department of Performance & Commercial Audit

ACRONYMS

ACC	:	Anti-Corruption Commission
AIMS	:	Assets Inventory Management System
BCSR	:	Bhutan Civil Service Rules and Regulations
BOD	:	Bhutan Oil Distributor
BSTEC	:	Bhutan Sales Tax Exemption Certificate
CBS	:	Centre for Bhutan Studies
CC	:	Cubic Centimeters
CDB	:	Construction Development Board
CIF	:	Cost, Insurance and Freight
DDC	:	Dzongkha Development Commission
DNB	:	Department of National Budget
DNP	:	Department of National Properties
DoS	:	Directorate of Services
DRA	:	Drug Regulatory Authority
DRC	:	Department of Revenue and Customs
ECB	:	Election Commission of Bhutan
FRR	:	Financial Rules and Regulations
FWD	:	Four Wheel Drive
FY	:	Financial Year
GAO	:	Gewog Administrative Officer
GNHC	:	Gross National Happiness Commission
HRC	:	Human Resource Committee
IDEC	:	Import Duty Exemption Certificate
ISSAI	:	International Standards of Supreme Audit Institutions
JDWNRH	:	Jigme Dorji Wangchuck National Referral Hospital
MoAF	:	Ministry of Agriculture and Forests
MoE	:	Ministry of Education
MoEA	:	Ministry of Economic Affairs
MoF	:	Ministry of Finance
MoFA	:	Ministry of Foreign Affairs
MoH	:	Ministry of Health
MoHCA	:	Ministry of Home and Cultural Affairs
MoIC	:	Ministry of Information and Communications
MoLHR	:	Ministry of Labour and Human Resources
MoWHS	:	Ministry of Works and Human Settlement
MTO	:	Motor Transport Officer
NAB	:	National Assembly of Bhutan
NCB	:	National Council of Bhutan
NCHM	:	National Centre for Hydrology and Meteorology
NEC	:	National Environment Commission
NLCS	:	National Land Commission Secretariat
OAG	:	Office of the Attorney General
PEMS	:	Public Expenditure Management System
PFA	:	Public Finance Act
PMM	:	Property Management Manual
POL	:	Petroleum, Oil & Lubricants
PRR	:	Procurement Rules and Regulations

RBA	:	Royal Bhutan Army
RBG	:	Royal Bodyguard
RBP	:	Royal Bhutan Police
RCSC	:	Royal Civil Service Commission
RGoB	:	Royal Government of Bhutan
RMA	:	Royal Monetary Authority
RSTA	:	Road safety and Transport Authority
RUB	:	Royal University of Bhutan
STCBL	:	State Trading Corporation of Bhutan Limited
SUV	:	Sports Utility Vehicle
ToR	:	Terms of Reference

Executive Summary

The Royal Audit Authority conducted the '*Review of Government Vehicles and Foreign Vehicle Quota System*' as mandated by the Article 25.1 of Constitution of the Kingdom of Bhutan and Sections 68(b) and 69 of Audit Act of Bhutan 2018.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAI 3000). The study was carried out with an overall audit objective to determine whether the Government vehicles and foreign vehicle quota were operating economically, efficiently and effectively.

The specific objectives are to:

- ⊕ To review and assess the adequacy of legislation and policy framework to plan, organize, control, direct, coordinate and manage government vehicles and foreign vehicle quota system;
- ⊕ To ascertain some of the financial and economical implication of the foreign vehicle quota system;
- ⊕ To assess whether the allotment of government vehicles to the agencies are based on the mandate and responsibilities of the agencies;
- ⊕ To assess the adequacy of the controls to ensure economic use of government vehicles;
- ⊕ To assess the extent to which the budgetary agencies are complying with the applicable rules, regulations, policies, procedures and guidelines in place;
- ⊕ To evaluate the monitoring and coordination mechanism instituted to monitor the movement of government vehicles; and
- ⊕ To evaluate the completeness and accuracy of Government vehicle and foreign vehicle quota system database.

For the purpose of review, the RAA identified and selected 10 Ministries, 34 Autonomous agencies and all 20 Dzongkhags for the review. Information were collected from the Dzongkhags, Agencies and Gewogs using three google survey forms. The RAA also visited 10 Ministries, Royal Court of Justice, Dzongkhag Administrations (Chhukha & Paro), Thromdes (Thimphu & Phuntsholing) and National Land Commission Secretariats. The audit covered the period from 2013-14 to 2017-18.

The report highlights positive initiatives as well as shortcomings and deficiencies observed by the RAA. The government has issued directives to formulate strategies to regulate and make best possible use of existing resources. The MoF has adopted basis such as surrendering pool vehicles, which is more than 15 years without replacement, provide minimum utility vehicles to Secretariats, Departments, Dzongkhags, Drungthrim and Drungkhags besides developing guidelines for the standardization of designated vehicles. Many agencies have maintained proper records pertaining to repair and maintenance, POL and movement of vehicles and some agencies has set a minimum permissible limit for mileages.

Notwithstanding these developments, the RAA noted inadequacies, inconsistencies and shortcomings resulting from unclear strategy on the government vehicles, lack of clarity on the

legal and policy framework, weak administrative, supervisory and monitoring controls in the administration of Government vehicles and foreign vehicle quota system.

Some of the deficiencies are as highlighted below:

- ⊕ Lack of policy or strategy in place were noted. In absence of overall clear strategy in place, there is no overall framework that would serve as the guiding tools for determining overall fleet positions, realistic economic useful life of vehicles, standards on repair & maintenance and standardization of types of vehicles based on the nature of duties;
- ⊕ Inconsistency in provisions on the entitlement of designated vehicles were observed as some are governed by Acts, some by Rules and some by Guideline, Circulars/Notifications;
- ⊕ Inadequacies in the allotment of the designated vehicle were noted, where 167 officials, who are not eligible or not covered by the extant rules and regulations found using the common pool vehicles as designated vehicles;
- ⊕ Inadequacies in Rules and Regulations were observed. There were instances of inconsistent provisions resulting in variations in the application of some clauses in the rules and regulations for management;
- ⊕ Inadequacies in determination of fleet positions and distributions were noted. The MoF as a nodal agency for vehicle acquisition, deployment and disposal do not have guidelines and set criteria in place for determining the requirement of government vehicle for various agencies;
- ⊕ Inadequacies in the Standardization of Government vehicles were also observed. There are more than 19 types of vehicles used as common pool vehicles, which showed varying and uneconomical mileage and maintenance expenses;
- ⊕ The review observed lack of clarity in the legislation and policy framework in the foreign vehicle quota system. The review indicated that proper legal interpretation may be required to clearly understand the lawfulness of the process and procedures adopted, over time, that lead up to the formation of existing provisions of the legislation framework of the vehicle quota system; and
- ⊕ The misuse of foreign vehicle quota were also observed among the individuals where most individuals do not abide by legal agreement and most of the vehicle quotas are sold in open market or, in some cases, given to or used by another individuals, family members or friends.

Based on the review and issues discussed in the report, the RAA has provided 11 recommendations requiring appropriate policy interventions at appropriate level.

TABLE OF CONTENTS

Chapter 1: About the Audit	1
1.1 Mandate	1
1.2 Audit Standard	1
1.3 Audit Objectives	1
1.4 Audit Scope	2
1.5 Audit Approach	2
1.6 Limitation of Audit	2
1.7 Audit Methodology	2
1.8 Sources of Audit Criteria	3
Chapter 2: Government vehicle system	4
Part I: Overview on Government Vehicle System	4
Part II: Lapses and Deficiencies	8
2.1 Lack of Policy or Strategy in place	9
2.2 Inconsistency in provisions on the entitlement of designated vehicles	10
2.3 Inadequacies in the allotment of the designated vehicles amounting to Nu.45.88 million for the financial year 2016-17 and 2017-18	12
2.4 Inadequacies in Rules and Regulations	14
2.5 Inadequacies in determination of fleet positions and distributions	18
2.6 Inadequacies in the Standardization of Government vehicles	19
2.7 Inadequate controls for management of government vehicles	22
2.8 Absence of centralized pooling of vehicles	24
2.9 Improper maintenance of logbook and movement order	25
2.10 Inadequacies in the utilization of Gewog Utility vehicles	26
2.11 Unreliable inventory system of Government vehicles	28
Chapter 3: Foreign Vehicle Quota System	29
3.1 Lack of clarity in the legislation and policy framework	32
3.2 Inadequate provisions in existing Rules	34
3.3 Misuse of Vehicle Quota	35
Chapter 4: Recommendation	37
A: Recommendation related to Government vehicles	37
B: Recommendation related to Foreign Vehicle Quota System	40
Chapter 5: Conclusion	42

CHAPTER 1: ABOUT THE AUDIT

1.1 MANDATE

The Royal Audit Authority (RAA) conducted the ‘*Review of Government Vehicles and Foreign Vehicle Quota System*’ as mandated by the Constitution of the Kingdom of Bhutan and Audit Act of Bhutan 2018 under the following Article and Sections:

- i. Article 25 (1) of the Constitution of the Kingdom of Bhutan provide that ‘*There shall be a Royal Audit Authority to audit and report on the economy, efficiency, and effectiveness in the use of public resources*’;
- ii. Section 69 of Audit Act of Bhutan 2018 states, the Authority shall ‘*Carry out performance, financial, compliance, special audits and any other form of Audits that the Auditor General may consider appropriate*’; and
- iii. Section 84 of the Audit Act of Bhutan 2018 states, the Authority shall, ‘*Carry out any other review or evaluation that may contribute towards promoting integrity, efficiency, transparency and accountability in public operations*’.

1.2 AUDIT STANDARD

This audit was conducted in accordance with the International Standards of Supreme Audit Institutions on performance auditing (ISSAI 3000). The RAA followed audit procedures as prescribed under the RAA’s Performance Audit Guidelines 2011 to maintain uniformity and consistencies of approaches in auditing.

1.3 AUDIT OBJECTIVES

The study was carried out with an overall audit objective to determine whether the Government vehicles and foreign vehicle quota system were operating economically, efficiently and effectively.

The specific objectives are to:

- ⊕ To review and assess the adequacy of legislation and policy framework to plan, organize, control, direct, coordinate and manage government vehicles and foreign vehicle quota system;
- ⊕ To ascertain some of the financial and economical implication of the foreign vehicle quota system;
- ⊕ To assess whether the allotment of government vehicles to the agencies are based on the mandate and responsibilities of the agencies;
- ⊕ To assess the adequacy of the controls to ensure economic use of government vehicles;
- ⊕ To assess the extent to which the budgetary agencies are complying with the applicable rules, regulations, policies, procedures and guidelines in place;
- ⊕ To evaluate the monitoring and coordination mechanism instituted to monitor the movement of government vehicles; and
- ⊕ To evaluate the completeness and accuracy of Government vehicle and foreign vehicle quota system database.

1.4 AUDIT SCOPE

The review of government vehicle and foreign vehicle quota covered the period from 2013-14 to 2017-18. The data analysis with regard to fuel recoupment and maintenance was confined to the period 2016-17 and 2017-18. The RAA has identified 10 Ministries, 34 Autonomous agencies and all Dzongkhags for the review. Information were collected from the Dzongkhags, Agencies and Gewogs using three google survey forms namely; Survey on Government Vehicles (390 respondents), Monitoring on movement of vehicles (12 respondents) and Gewog utility vehicles (86 respondents). The RAA also visited 10 Ministries, Royal Court of Justice (Supreme Court and High Court), Dzongkhag Administrations (Chhukha and Paro), Thromdes (Thimphu & Phuntsholing) and National Land Commission Secretariat. The study did not cover corporate offices, armed forces and other specialized service providers.

The review of the foreign vehicle quota system covered the period from 2014-18 year end. Data on foreign vehicle quota system from MoF and annual reports of relevant agencies were used. Further, for the review on foreign vehicle quota, since the vehicle quotas allotted to government agencies, organizations, international institutions, diplomats and expatriates currently do not merit the same attention in terms of legislations in place and less risk of misuse, the review was focused on the foreign vehicle quota allotted to individuals in the public service.

1.5 AUDIT APPROACH

The audit has engaged system based audit approach in the review of government vehicles and foreign vehicle quota system. The audit reviewed the legislation and management systems of the government vehicles and quota system. The team also reviewed the controls instituted in the Ministries, Dzongkhags and Autonomous agencies to prevent misuse and effectiveness of monitoring mechanism in place. Further, evaluations were carried out to ascertain the degree of compliance to applicable rules and regulations by various agencies.

1.6 LIMITATION OF AUDIT

For the agencies where the data were collected through Google survey forms, the RAA could not physically verify the data and information submitted by these agencies.

1.7 AUDIT METHODOLOGY

The following activities were carried out during the audit execution phase to gather data & information, analyse data and then to derive conclusions:

⊕ Document review:

The audit reviewed Acts, Rules, Circulars and Notifications namely; Parliamentary Entitlement Acts 2014, Entitlement and Service Condition Act 2015 for the Holders, Members and Commissioners of Constitutional offices of Bhutan, Judicial Service Act of Bhutan 2007, Financial Rules and Regulation 2016, Bhutan Civil Service Rules and Regulations 2018, Rules on the use of Pool vehicles 2000, 87th National Assembly

resolutions and various Circular & Notifications since 1986 to 2018 issued by the government. To study the usage of government vehicles, the audit reviewed the vehicle log-book, history sheet, fuel book, movement orders, internal office memo, office orders, terms of reference (ToR) and any other relevant documents. The audit also reviewed budget proposal, requisition and approval of government vehicles, agency mandates, roles and responsibilities.

⊕ Interviews:

The audit conducted various interviews, discussion and deliberations with various Head of agencies, Motor Transport Officers (MTO) and drivers concerned to understand the areas of concern and risks involved.

⊕ Direct observation/system walk through:

In the agencies visited, the RAA observed various practices initiated especially for the fuel recoupment and maintenance of vehicles. The audit also received confirmation from third parties such as; Automobile workshops, Authorized car dealers and POL (petroleum, oil and lubricants) distributors.

⊕ Literature Review:

The audit reviewed the reports published by other Supreme Audit Institutions, First and Second Pay Commission Report 2009 & 2014, and report on Government pool vehicle system – A Way forward (2015) and Strategies for the management of Government vehicles 2016.

⊕ Data Analysis and Interpretation:

The audit engaged both qualitative and quantitative analysis. The audit performed trend, variance and content analysis from the data gathered and the secondary data made available through information collection template.

1.8 SOURCES OF AUDIT CRITERIA

In order to achieve the audit objectives, the audit criteria were used from following sources:

- ⊕ Constitution of the Kingdom of Bhutan 2008
- ⊕ Public Finance Act, 2007
- ⊕ RSTA Act, 1999
- ⊕ Parliamentary Entitlement Act, 2008
- ⊕ Judiciary Act of Bhutan 2007
- ⊕ Circulars issued from time to time
- ⊕ Notifications issued from time to time
- ⊕ Rules on the Government Pool Vehicles 2000
- ⊕ Rule on Vehicle Quota 2014
- ⊕ Financial Rules and Regulations 2016
- ⊕ Bhutan Civil Service Rules and Regulations 2018
- ⊕ Guidelines for maintenance and utilization of utility vehicles in the Gewogs 2016

CHAPTER 2: GOVERNMENT VEHICLE SYSTEM

PART I: OVERVIEW ON GOVERNMENT VEHICLE SYSTEM

The Government vehicle system was introduced in 1960's with the intention to improve public service delivery ever since the planned development activities. It was introduced for efficient and effective delivery of public service through enhanced mobility. All government ministries and agencies were allotted with vehicles to be used for official purposes. There are three types of government vehicles generally used for official purposes.

- i. **Common pool vehicle:** A vehicle provided to an agency, or part/unit of an agency to be used for common official purposes and not designated to any single official. This also includes heavy vehicles like trucks, which are used for common purposes.
- ii. **Designated vehicle:** A vehicle provided to an official by virtue of holding that position and as entitled by relevant laws and rules.
- iii. **Special purposes vehicle:** A vehicle provided for specific purposes. This includes school buses, ambulances, farm machineries, heavy machineries, protocol vehicles, utility vehicles and vehicles for VVIPs.

The number of Government vehicles as of 30 June 2018 stands at 2437 excluding the vehicles in the financial institutions, projects and corporations. Annually significant portions of total resources of the government are spent on procurement, maintenance and recoupment of government vehicles. The total cost on vehicles in terms of acquisition, maintenance and rental of vehicle accounts for Nu.3,620.14 million from the financial year 2013-14 to 2017-18 as detailed in Table 2.1:

Particulars	2013-14	2014-15	2015-16	2016-17	2017-18	Total
Object code: 13.02 (Rental of Properties - Vehicles)	14.14	16.26	10.8	16.53	15.05	72.78
Object code:15.02 (Maintenance of Property - Vehicles)	366.75	369.34	360.43	327.84	356.94	1781.3
Object code: 53.01 (Purchase of Vehicles)	66.58	205.03	302.91	746.57	444.97	1766.06
Total Expenses (In Million)	447.47	590.63	674.14	1090.94	816.96	3620.14

Source: Public Expenditure Management System (PEMS), MoF

As indicated in the Table 2.1, an amount of Nu.1,781.30 million were expended on the maintenance and Nu.1766.06 million on procurement of new government vehicles. While expenses on the maintenance were consistent over the years ranging from Nu.366.75 million in 2013-14 to Nu.356.94 million in 2017-18, the expenses on the procurement of new vehicles saw steep increase from Nu.66.58 million in 2013-14 to Nu.746.57 million in 2016-17 and it decreased to Nu.444.97 in 2017-18.

For the period 2013-14 to 2017-18 the government vehicles expenses for 10 ministries aggregated to Nu.2,206.02 million, followed by Nu.640.77 million for 20 Dzongkhags and Nu.773.54 million for autonomous and other agencies as exhibited in Table 2.2:

Table 2.2: Summary of expenses incurred by various agencies from 2013-14 to 2017-18 (Figure in millions)							
SECTORS	2013-14	2014-15	2015-16	2016-17	2017-18	Total	% of TOTAL
10 Ministries	250.09	389.27	439.00	592.25	535.40	2,206.02	60.93
20 Dzongkhags	85.49	85.56	156.35	197.22	116.15	640.77	17.70
34 Autonomous Agencies	93.43	96.69	61.11	139.38	96.24	486.85	13.45
Judiciary	10.97	11.12	9.51	116.89	33.35	181.84	5.02
4 Constitutional Bodies	6.86	7.53	7.75	32.96	13.63	68.73	1.90
205 Gewogs	-	-	-	4.09	20.06	24.15	0.67
4 Thromdey	0.64	0.45	0.56	8.16	2.16	11.97	0.33
TOTAL	447.47	590.63	674.29	1,090.95	816.99	3,620.33	100.00

Source: Public Expenditure Management System (PEMS), MoF

Of the 10 ministries, MoHCA had incurred the highest expenditure which accounted for 24.63% of the total expenses incurred by 10 ministries as exhibited in Table 2.3:

Table 2.3 : Summary of Expenditure for 10 Ministries for the year 2013-14 to 2017-18 (Figure in Millions)							
Ministries	2013-14	2014-15	2015-16	2016-17	2017-18	Total	% of Total
MoHCA	57.15	62.04	62.59	241.68	119.80	543.27	24.63%
MoF	26.14	54.42	108.20	96.00	130.47	415.24	18.82%
MoAF	72.04	88.54	88.68	71.50	68.39	389.14	17.64%
MoH	24.61	67.48	53.38	41.83	47.90	235.20	10.66%
MoFA	19.36	29.97	29.29	58.48	72.14	209.25	9.49%
MoIC	11.39	42.91	12.75	13.56	48.88	129.49	5.87%
MoWHS	13.07	15.37	20.01	15.49	18.81	82.75	3.75%
MoEA	10.55	10.81	20.86	24.52	9.31	76.07	3.45%
MoE	6.38	5.92	31.47	12.90	10.19	66.87	3.03%
MoLHR	9.38	11.80	11.77	16.28	9.52	58.76	2.66%

Amongst the Dzongkhags, Trashigang Dzongkhag incurred the highest and lowest by Gasa Dzongkhag as detailed in Table 2.4:

Table 2.4: Summary of Expenditure by Dzongkhags for the Year 2013-14 to 2017-18 (Figure in millions)							
Dzongkhags	2013-14	2014-15	2015-16	2016-17	2017-18	Total	% of Total
Trashigang	8.24	8.13	11.85	10.32	12.92	51.46	8.03%
Paro	6.37	5.86	12.49	13.69	6.36	44.76	6.99%
Chhukha	5.85	6.28	8.83	15.76	5.86	42.58	6.64%
Samdrup Jongkhar	5.08	6.22	8.14	16.04	6.64	42.12	6.57%
Mongar	5.81	5.18	13.14	9.37	4.61	38.11	5.95%
Samtse	5.90	6.25	6.31	12.01	6.88	37.35	5.83%
Wangdue Phodrang	2.97	3.82	9.27	13.31	7.50	36.86	5.75%
Zhemgang	4.95	5.20	10.47	7.07	6.89	34.57	5.39%
Trashigang Yangtse	3.54	3.40	12.09	8.01	7.04	34.08	5.32%
Punakha	4.32	5.64	4.11	14.20	4.67	32.94	5.14%
Lhuentse	3.74	3.79	11.91	6.23	5.08	30.76	4.80%
Pema Gatshel	5.19	5.19	4.08	8.50	7.53	30.47	4.76%
Haa	.78	2.40	5.63	11.06	4.93	26.82	4.19%
Bumthang	.26	3.07	7.34	6.85	6.03	26.56	4.14%
Tsirang	2.78	2.54	6.34	9.84	4.85	26.34	4.11%
Sarpang	3.38	2.83	5.18	9.69	3.06	24.14	3.77%
Dagana	4.41	3.55	6.79	6.29	2.92	23.95	3.74%
Trongsa	.92	3.07	6.31	6.59	3.57	22.45	3.50%
Thimphu	2.86	1.46	1.34	8.71	7.62	22.00	3.43%
Gasa	1.13	1.67	4.76	3.69	1.19	12.45	1.94%

On the governance structure of government vehicles, the MoF determine the fleet position, allocate budget for the fuel and maintenance, dispose-off and maintain inventory of the vehicles. The MoF release budget for maintenance of vehicles, which is estimated based on the type and make of vehicles. Annually, the budget increases by 4% as depicted in the Table 2.5:

Table 2.5: Budget for Maintenance of Vehicles by Age & Make								
Sl. No.	Type of Vehicle	Model Year (Amount in Million)						
		1st Year	2nd Year	3rd Year	4th Year	5th Year	6th Year	7th Year
1	Landcruiser	0.143	0.148	0.153	0.160	0.167	0.174	0.181

2	Landcruiser Prado	0.115	0.117	0.123	0.129	0.135	0.140	0.146
3	Toyota Hilux	0.107	0.110	0.115	0.121	0.126	0.131	0.137
4	Telcoline	0.104	0.106	0.112	0.117	0.122	0.127	0.132
5	Ambulance	0.171	0.174	0.182	0.191	0.200	0.208	0.217
6	Scorpio	0.107	0.110	0.115	0.121	0.126	0.131	0.137
7	Trucks	0.156	0.159	0.167	0.174	0.182	0.190	0.198
8	Toyota Cars (Diesel)	0.086	0.089	0.093	0.097	0.102	0.106	0.110
9	Toyota Cars (Patrol)	0.091	0.094	0.098	0.103	0.107	0.112	0.116
10	Indian Make Cars/Tractors	0.066	0.067	0.070	0.073	0.077	0.080	0.083
11	Two Wheelers	0.013	0.014	0.014	0.015	0.015	0.016	0.017
12	Eicher/Coster Bus	0.128	0.130	0.137	0.143	0.150	0.156	0.162
13	Haice Bus	0.086	0.089	0.093	0.097	0.101	0.106	0.110
<i>Source: DNB, MoF</i>								

The MoF also generated Nu.310.76 million in revenue through auction of surrendered vehicles from the year 2013-14 to 2017-18 as presented in the Table 2.6. The Ministry is also in the process of rolling out Assets Inventory Management Systems (AIMS) where by, all the information related to Government vehicles, land, buildings and equipment would be managed through web-based online database system. The audit was carried out given the substantial amount of expenses incurred on the procurement, repair and maintenance and other associated cost.

Year	Number of vehicles auctioned	Revenue (In Millions)
2014-15	59	14.18
2015-16	145	57.76
2016-17	288	161.48
2017-18	105	77.32
Total	597	310.76

The audit findings are discussed in the subsequent paragraph (Part II) of this report.

PART II: LAPSES AND DEFICIENCIES

There have been some commendable progressive developments in the use of government vehicles. The government has issued directives to formulate strategies to regulate and make best possible use of existing resources. The MoF has adopted basis such as surrendering pool vehicles which is more than 15 years without replacement, provide minimum utility vehicles to Secretariats, Departments, Dzongkhags, Dungthrim and Dungkhags besides developing guidelines for the standardization of designated vehicles. Agencies like National Land Commission, Department of Protocol under MoFA, MoLHR and MoEA have maintained proper records pertaining to repair and maintenance, POL and movement of vehicles. The RCSC and RAA has set a minimum permissible limit for mileages, and agencies like Thimphu Thromdey, MoF and NLCS are required to submit e-receipt generated during the fueling of vehicles along with supply memo for adjustment of POL advances.


However, the review of existing system and practices also indicated some inadequacies, inconsistencies and shortcomings as elaborated below:

A: Legal and Policy Framework

The Constitution provide overall framework to revise the structure of the salary, allowances, benefits, and other emoluments of the Royal Civil Service, the Judiciary, the members of Parliament and Local Governments, the Holders and the members of Constitutional offices and all other public servants. There are specific provisions in the Judicial Service Act of Bhutan, 2007 and Entitlement & Service Conditions Act for the Holders, Members & Commissioners of

Constitutional Offices of Bhutan, 2010 to provide chauffer driven transport. Besides that there are number of rules and regulations, guidelines and notifications issued from time to time with regard to prudent use of the government vehicles. These include Financial Rules and Regulations 2016, the Government directives issued in 2015, Rules on use of Pool Vehicle 2000, resolutions of 85th session of the National Assembly and notifications, circulars issued from time to time.

The issues of inconsistencies and inadequacies in the Act, Rules and Regulations, Guidelines and Notifications/Circulars are as discussed below:



'The Pay Commission shall recommend to the Government revisions in the structure of the salary, allowances, benefits, and other emoluments of the Royal Civil Service, the Judiciary, the members of Parliament and Local Governments, the holders and the members of constitutional offices and all other public servants with due regard to the economy of the Kingdom and other provisions of this Constitution'.

Article 31.1, Constitution of the Kingdom of Bhutan, 2008

2.1 Lack of Policy or Strategy in place

a. The Cabinet vide letter no. C-3/50/534 dated 10 October 2014 directed MoF to come up with overall clear policy paper or a way-forward on the pool vehicle system. The directives issued states, *'The Policy paper must include a proper strategy on purchase of Government pool vehicles including project based utility vehicles and specify the vehicle use types (e.g., pool, service, project, etc.)'*.

'The Lhengye Zhungtshog to plan and co-ordinate government policies and ensure their implementation'.

The Article 20, Section 5

b. Accordingly, the MoF has drafted and submitted two policy paper namely, *'A-Way-Forward on the Government Pool Vehicle System, April 2015'* and *'Strategies for Managing Government Vehicles, December 2016'*. Based on the discussion of way-forward for government pool vehicle system, the Government vide letter no. C-3/74/778 dated 25 May 2015 directed the following:

- ⊕ *290 pool vehicles above 15 years to be surrendered from January 2016 and no replacement will be provided in lieu of the withdrawn vehicles;*
- ⊕ *MoF to work out budget provision and frame rules on hiring of vehicles;*
- ⊕ *MoF to submit proposal to the Government on the standardization of designated vehicles such as types of vehicle to be provided for different position levels; and*
- ⊕ *Procurement of new vehicles henceforth be limited to time bound projects and under external source of financing.*

c. Based on the directives from the Government, the MoF has adopted following basis with respect to the pool vehicles and guidelines for designated vehicles:

- ⊕ *Withdrawal of pool vehicles above 15 years without replacement;*
- ⊕ *Provide one utility vehicles for each agency like Secretariats, Departments and Autonomous agencies;*
- ⊕ *Provide two utility vehicles to Dzongkhags, one to Dungkhags, Dungthrim and regional offices;*
- ⊕ *Work-charge the hiring charges from the FY-2016-17;*
- ⊕ *Procurement of new vehicles restricted to time bound projects and under the external source of funding; and*
- ⊕ *Developed guidelines on the standardization of designated vehicles.*

d. The RAA reviewed the implementation status on basis adopted and observed that MoF was not able to fully implement the directives issued by the government as indicated in Table 2.7:

Table 2.7: Summary of implementation status by MoF on pool vehicle and designated vehicles as of 30 June 2018.

Sl. No	Basis Adopted by MoF	Implementation Status as of 30 June 2018
1	Withdrawal of pool vehicles above 15 years without replacement	The Government directed the MoF to withdraw 290 Government vehicle that crossed the age of 15 years irrespective of their condition, efficiency of mileage and economic condition of the vehicles starting from 1st January 2016. By the 30th June 2018, only 43 identified vehicles were not surrendered out of 290 vehicles. Additionally, there were 172 vehicles not surrendered despite crossing the prescribed age of 15 years but was having economic life. These vehicles were mostly specified for the special purposes like fire engine trucks, medical van and protocol cars.
2	Provide one utility vehicles for each agency like Secretariats, Departments and Autonomous agencies;	Most of the pool vehicles provided were either used as designated vehicles or kept as duty car for exclusive use only. The existing fleet position of the agencies indicate the excess number of utility or common pool vehicles in the agencies, which needs to be rationalized as per the approved basis.
3	Provide two utility vehicles to Dzongkhags, one to Dungkhangs, Dungkthrim and regional offices	Most of the pool vehicles provided were either used as designated vehicles or kept as duty car for exclusive use only. There is need for clarity on common purpose of having such vehicles in the agency.
4	Work-charge the hiring charges from the FY-2016-17	The MoF has expended Nu. 31 million as rental charges of vehicles in the year 2016-17 and 2017-18
5	Procurement of new vehicles restricted to time bound projects and under the external source of funding.	The government has procured vehicles worth Nu.508.051 million in the year 2016-17 and Nu.373.97 million in 2017-18 through RGoB funding.
6	Developed guidelines on the standardization of designated vehicles.	MoF has listed 106 positions eligible for designated vehicles along with types. Out of 106 positions identified, 45 positions did not adhere to the standardization policy.

Source: Compiled by RAA

- e. The RAA learned that most of the initiatives were not achieved as intended because of lack of clear strategy in place and non-adherence from the relevant authorities on various directives, notifications and circulars issued from time to time.
- f. Although, the MoF has drafted the ‘Strategies for Managing Government Vehicles, December 2016’, it has not received any formal endorsement from the Government till date. In absence of overall clear strategy in place, there is no overall framework that would serve as the guiding tools for determining overall fleet positions, realistic economic useful life of vehicles, standards on repair & maintenance and standardization of types of vehicles based on the nature of duties.

2.2 Inconsistency in provisions on the entitlement of designated vehicles

- a. Designated vehicles are those vehicles which are provided to Government officials who are entitled based on the relevant laws, rules and policies. There are various Acts, Rules,

Notifications, Circulars and Guidelines outlining the entitlement of designated vehicles as provided in Table 2.8:

Table 2.8: Legal provisions pertaining to Designated vehicles	
Sl. No.	Specific Section/Clause
1	<p><i>“The Pay Commission shall recommend to the Government revisions in the structure of the salary, allowances, benefits, and other emoluments of the Royal Civil Service, the Judiciary, the members of Parliament and Local Governments, the holders and the members of constitutional offices and all other public servants with due regard to the economy of the Kingdom and other provisions of this Constitution.”</i></p> <p>⊕ Article 31.1, Constitution of the Kingdom of Bhutan 2008</p>
2	<p><i>“Designated pool vehicles be provided only to the Prime Minister, Cabinet Ministers, Chief Justice of Bhutan, Speaker of the National Assembly, Chairperson of the National Council, Leader of the Opposition, and Dzongdags. For others that are presently entitled to designated vehicles as per relevant Acts and rules and regulations, a similar arrangement as provided for the Members of Parliament (a one-time Nu.700,000 grant towards purchase of vehicle on appointment and monthly allowances for driver and maintenance) is recommended.”</i></p> <p>⊕ 2nd Pay Commission report 2014</p>
3	<p><i>“Every sitting Drangpon shall be provided with a chauffeur driven transport.”</i></p> <p>⊕ Section 162, The Judicial Service Act of Bhutan 2007</p>
4	<p><i>“The Holders, Members and Commissioners of Constitutional Offices shall be provided with a chauffeur-driven transport.”</i></p> <p>⊕ Section 13, Entitlement Act Constitutional-Offices-of-Bhutan-2010</p>
5	<p><i>“Officials entitled for the designated vehicles include: 1 Prime Minister, 14 Cabinet Ministers and equivalent positions, 6 Head of Constitutional Bodies and members, 4 Judges of Supreme Court, 11 Cabinet and Govt. Secretary, 16 Judges of High Court, members and Commissioners of Constitutional bodies and privy councilors, 2 secretary general of NA &NC, 4 commission secretaries, 1President of JDWNRH and 20 Dzongdags and 27 Drangpons of Dzongkhag and Dungkhag Court.”</i></p> <p>⊕ Guidelines on Designated vehicles (C-3/83/56 dated 13th August 2015)</p>
6	<p><i>“One exclusive staff car with driver. The model of the staff cars will be Toyota Prado with full option for the Cabinet Ministers and Toyota Land Cruiser for the Prime Minister.”</i></p> <p>⊕ Circular for entitlement for Cabinet Ministers and Speakers vide letter no. MF/Adm-2/2008/6164 dated 7/5/ 2008</p>
7	<p><i>“The Secretaries of the Ministries, Chairman of the Royal Advisory Council, Secretary of the National Assembly, Auditor General, Secretary of the Royal Civil Service Commission, Cabinet Secretary and Dzongdag shall be allotted a vehicle each for full time official use.”</i></p> <p>⊕ Rules on use of Government pool vehicles 2000</p>

Source : Compiled by RAA

As indicated in the Table 2.8, the entitlement for Drangpons and the Holders, Members and Commissioners of Constitutional Offices are governed by Judicial service Act 2007 and Entitlement & Service Conditions Act for the Holders, Members & Commissioners of Constitutional Offices of Bhutan, 2010 respectively. Similarly, entitlement for Cabinet members

and equivalent positions are governed by the Circular for entitlement for Cabinet Ministers and Speakers vide letter no. MF/Adm-2/2008/6164 dated 7/5/2008.

- b. The Secretaries of the Ministries, Chairman of the Royal Advisory Council, Cabinet Secretary and Dzongdag are governed by Rules on use of Government pool vehicles, 2000. In addition, Attorney General, two Secretary Generals of National Assembly & National Council, four commission Secretaries (Gross National Happiness Commission, National Environment Commission, Dzongkha Development Commission and National Land Commission) and the President of JDWNRH are governed by guidelines on designated vehicles vide circular no.C-3/83/56 dated 13 August 2015.

⊕ *Respective agencies shall assign designated vehicles to the official for the term of appointment,*

⊕ *Shall be replaced after 10 years from the date of registration, and*

⊕ *MoF shall release the new vehicles only upon the surrender of old vehicles by the respective agencies.*

Draft strategy paper, 2016, MoF

- c. In this regard, there is lack of proper and consistent basis to provide designated vehicles as entitlement to various position levels as some are governed by Acts, some by Rules and some by Guidelines, Circulars/Notifications. Thus, there is a need for consolidation of these various legislations, rules, circulars and notifications to bring clarity on their relevance and applicability.

2.3 Inadequacies in the allotment of the designated vehicles amounting to Nu.45.77 million

- a. Section 162 of the Judicial Service Act of Bhutan, 2007 states ‘*Every sitting Drangpon shall be provided with a chauffeur driven transport*’. Similarly, the holders, members and Commissioners of the constitutional offices are entitled for a Chauffeur-driven transport as per the Entitlement Act of Constitutional Offices of Bhutan, 2010. Further, the Ministry of Finance, as per the directives of the Lhengye Zhungtshog conveyed vide letter No. C-3/83/56 dated 13 August 2015 had issued the guidelines for designated vehicles. The guideline identified 106 officials eligible for designated vehicles as shown in the Table 2.9:

Table 2.9: List of officials eligible for designated vehicle along with types				
Sl. No.	Officials entitled for designated vehicles	No. of Positions	Type of Vehicle and CC	Make of Vehicle
1	Hon’ble Prime Minister	1	SUV with FWD 3000CC and above	Toyota Land cruiser and Above model
2	Cabinet Ministers and Equivalent Position Holders	14	SUV with FWD up to 3000cc	Toyota Prado (TX) or equivalent Model
3	Heads of Constitutional Bodies, Chairperson of Privy Council and Attorney General	6	SUV with FWD up to 2800cc	Toyota Fortuner or equivalent Model
4	Judges of Supreme Court	4	SUV with FWD up to 2800cc	Toyota Fortuner or equivalent Model

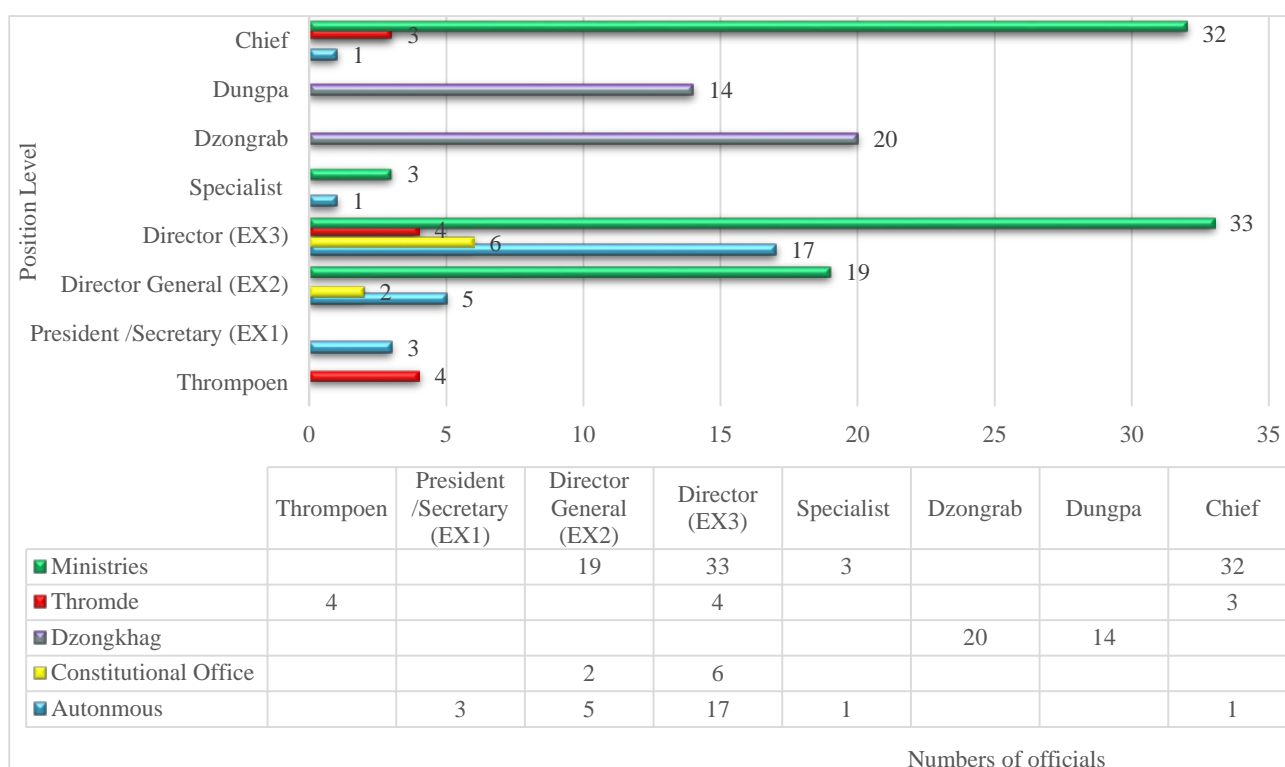
5	Cabinet Secretary and Government Secretaries	11	SUV with FWD up to 2800cc	Toyota Fortuner or equivalent Model
6	Judges of High Court, Members and Commissioner of Constitutional Bodies and Privy Councilors	16	SUV with FWD up to 2500cc	Mitsubishi Pajero Sports or equivalent Model
7	Secretary Generals of National Assembly and National Council	2	SUV with FWD up to 2500cc	Mitsubishi Pajero Sports or equivalent Model
8	Commission Secretaries (GNHC, NEC,DDC & NLC)	4	SUV with FWD up to 2500cc	Mitsubishi Pajero Sports or equivalent Model
9	President of JDWNRH	1	SUV with FWD up to 2500cc	Mitsubishi Pajero Sports or equivalent Model
10	Dzongdags	20	SUV with FWD up to 2500cc	Mitsubishi Pajero Sports or equivalent Model
11	Drangpons (Dzongkhag Court)	27	SUV with FWD up to 2500cc	Mitsubishi Pajero Sports or equivalent Model
Total		106		

Source: Guidelines on the Standardization of designated vehicles, MoF

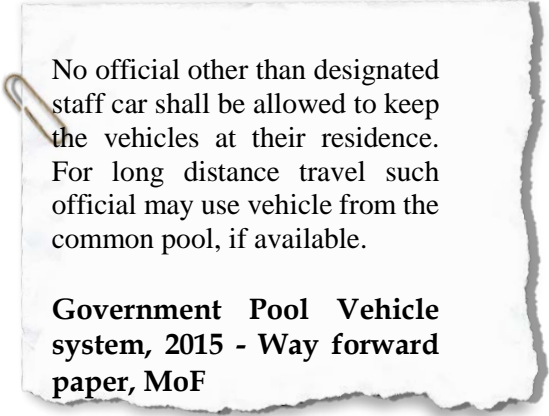
As indicated in the Table 2.9, 106 Officials were found provided with designated vehicles as allowed by the prevailing Acts and Guidelines on the designated vehicles.

- b. However, not in conformity to the existing rules and provision of designated vehicles, there were 167 officials, who are not eligible or not covered by the extant rules and regulations for designated vehicles. The summary for officials with designated vehicles not covered by any governing acts, rules and guidelines are given in **Figure 1** and detailed in **Appendix– I:**

Figure 1: Summary of officials assigned with designated vehicles without entitlement



As indicated in Figure 1, there were 19 Director Generals, 33 Directors, three Specialists and 32 Chiefs in 10 Ministries. Similarly, there were 20 Dzongrabs, 14 Drungpas in the Dzongkhag Administrations; one Secretary of International Boundaries, one Secretary of Dratshang Lhentshog, one President of CBS, five Director Generals, 17 Directors, one Specialist and one Chief in the Autonomous agencies; one Joint Auditor General, one Secretary, four Directors and two Deputy Auditor Generals in the Constitutional offices and four Thrompons, four Executive Secretaries, three Chiefs in Thromdes, who were assigned with designated vehicles.



No official other than designated staff car shall be allowed to keep the vehicles at their residence. For long distance travel such official may use vehicle from the common pool, if available.

Government Pool Vehicle system, 2015 - Way forward paper, MoF

- c. In this regard, 167 common pool vehicles were used as the designated vehicles and an amount of Nu.45.77 million were incurred on the maintenance and POL expenses for the financial year 2016-17 and 2017-18. Further, it was also noted that in some Secretariat, Departments, Autonomous agencies and Drungkhags there are no common pool vehicles to be used as it was designated to the head of divisions, departments and agencies.
- d. Usage of common pool vehicles as designated vehicle stemmed from past practices. The usage of common vehicles as designated by all other positions were perceived to have become like a matter of right. Further, the MoF and budgetary agencies has failed to bring clarity on the entitlement of designated vehicles for the officials not covered by relevant Acts, Rules and policies.
- e. Therefore, the usage of common vehicles as a designated vehicle in absence of any entitlement rules can be construed as misuse of Government vehicle. Therefore, there is immediate need for reviewing and bringing clarity in the entitlement of designated vehicles for positions not covered by the extant rules and guidelines based on nature of their jobs. Also the existing rules and legislation in place does not explicitly specify purposes for which the designated vehicles should be used. Such inadequacies in the provision would result in ineffective management and render difficulty to monitor the movement of vehicles. The MoF should also bring clarity on the purposes of the use of designated vehicles for better control and accountability.

2.4 Inadequacies in Rules and Regulations

- a. Section 24(a) Public Finance Act 2007 empower the Ministry of Finance to '*Issue the Financial Rules and Regulations and such other rules, manuals, directives, decrees, instructions or notifications according to the powers in this Act and amending or cancelling them.*' Accordingly, MoF has formulated, amended and superseded number of rules and regulations, notifications and circulars issued from time to time governing government vehicles as detailed in the table 2.10:

Table 2.10 : Chronological order of rules, circulars and notifications issued since 1986 to 2018			
Sl. No	Year	Activities	Reference
1	1986	Circular on the Rules on the use of pool vehicles	No.1(4)-MFS/86/7958 dated 20 December 1986
2	1994	Foreign Vehicle Allotment Rules	No.367/MF/ADM/94/2901 dated 14 April 1994
3	1997	Notification on cost ceiling of Government vehicles	No.370/MF/ADM/97/2717 dated 12 February 1997
4	1998	Circular on surrender of vehicles	No.97/PD/GV/98/3712 dated 01 June 1998
5	1998	Ban on Purchase of Luxury Vehicles-STCBL	No.370/MF/MV/98/51 dated 08 July 1998
6	1999	Modified Rules on the Use of Pool Vehicles	No. 19/MFS/99/1904 dated 24 September 1999
7	2000	Amended Rules on the use of Pool vehicles 2000	No.19//MFS/2000/3777 dated 13 January 2000
8	2000	Additional Rules on the Use of Pool Vehicles	
9	2001	Allotment of Government Vehicles	COM/19(A)/01/1449 dated 04 July 2001
10	2001	Financial Rules and Regulations 2001	2001
11	2005	Circular on surrender of vehicles	No. DNP/PD/A-3/2005/1764 dated 08 March 2005
12	2005	Revised Rules on Pool Vehicles	COM/04/04/814 dated 01 January 2005
13	2005	Streamlining the Use of Pool Vehicles	com/04/04/814 dated 15 February 2005
14	2006	Cabinet directives on the monitoring of pool vehicles	CoM.47/06/42 dated 18 July 2016
15	2006	Resolution of 85 th Session of the Parliament	
16	2008	Standardization on the type of staff car	MoF/R.4/6585 dated 27 May 2008
17	2008	Circular on the entitlement of Cabinet Ministers and Speaker, National Assembly	MF/Adm-2/2008/6164 dated 07 May 2008
18	2008	1 st Pay Commission Report	Lhenzhung/CAD-02/08/1383 dated 25 April 2008
19	2009	Monetary Ceiling for Vehicle Quotas	C-3/14178 dated 18 June 2009
20	2012	Levy of Green Tax	DRC/STD/Tax Act(3)/2012/871 dated 31 August 2012
21	2013	Government order on the conversion of pool vehicles	No. MoF/09/MV/2012-13/3166 dated 11 April 2013
22	2013	2 nd Pay Commission Report	C-2/9/153 dated 13 November 2013
23	2014	Import of utility vehicles for various agencies through donor funding	C-3/50/534 dated 10 October 2014
24	2015	Way forward on the Government pool vehicle system, April 2015 (Report)	Unpublished
25	2015	Vehicle Import Authorization Rules for Members of Parliament 2015	No. MoF/DNB/Rules/MV/2014/804 1 dated 19 March 2015
26	2015	Discussion on Way forward for Government Pool vehicles	C-3/74/778 dated 25 May 2015
27	2015	Guidelines for Designated Vehicles and Policy on Pool/Designated Vehicles	C-3/83/56 dated 13 August 2015
28	2016	Strategies for Managing Government Vehicles, December 2016 (Report)	Unpublished
29	2016	PMM 2016	

Source : Compiled by RAA

As indicated in the Table 2.10, the RAA came across 29 documents, which include various Government directives, Rules and Regulations, Circulars, Notifications, Guidelines, Review reports and correspondences issued from time to time.

- b. On review of these existing rules and regulations governing the management of Government vehicles, the RAA is of the view that most of the documents presented in the Table 2.10 may have superseded, amended or not applicable to the present situation. Table 2.11 depicts the instances where various clauses are either not implemented or not applicable.

Table 2.11 : Inadequacies observed in the rules and regulations

Sl. No	Detail provision of rules and regulations	Remarks
1	<i>'Procurement of light vehicles shall be made within the cost ceilings prescribed by the Ministry of Finance from time to time'.</i> PMM 9.1.5 (2016)	Ministry of Finance has fixed cost ceiling in the year 1997 at the rate of USD 23,000. However, it was not followed due to limited available brand in the market. Thus, they have recommended Toyota Prado, Ford and Mitsubishi as the government vehicles.
2	<i>'Use of pool vehicles for pressing and emergency needs of Government servants shall be permitted only with the prior approval of the Heads of Offices subject to the condition that the government servant pays for the fuel and compensates any damage, in case of such eventuality, caused to the vehicle'.</i> PMM 9.4.3 (2016)	The FRR 2016 does not specify the definition of pressing and emergency needs. The RAA observed that officials in the name of such provisions has allotted pool vehicles for the private works and as backup cars.
3	<i>'The Royal Bhutan Police is authorized to stop and inspect Government pool vehicles for ensuring strict observance of the Rules on use of pool vehicles. The relevant documents of any pool vehicle found on unauthorized or improper use shall be seized and forwarded by the police to the RCSC, Thimphu, in all cases irrespective of location'.</i> PMM 9.5.1 (2016)	The RCSC has delegated the authority to the HRC of respective agencies to act as Disciplinary Committee. Thus, RCSC did not receive any reports from RBP since 2012.
4	<i>'Repeat offence shall be considered a major infringement and the offender shall be subject to appropriate administrative action by the RCSC'.</i> PMM 9.5.3 (2016)	The RCSC has delegated the authority to the HRC, which is responsible to act as Disciplinary Committee.
5	<i>'The Check-post in charges shall submit consolidated monthly reports to the Auditor General with copies to the RCSC secretariat'.</i> <i>'Every Quarter, the Auditor General shall examine whether the heads of the concerned agencies have taken appropriate actions against the defaulters'.</i> <i>'The concerned heads of agencies shall levy a fine of Nu. 1000 on the defaulting officials in the event of confirmed mis-use within the duty stations'.</i> Rules on Pool Vehicles 2000	The Royal Audit Authority is mandated to audit and report on the economy, efficiency and effectiveness in the use of public resources. These activities may not be within the mandates of RAA as they are not audit issues and also RAA may not be the appropriate authority to collect fines and penalties not related to audit.

6	<p><i>'The RBP should establish controlling mechanism to control and monitor the pool vehicles'.</i></p> <p>Rules on Pool Vehicles 2000</p>	<p>While it is clearly mentioned in the rules on pool vehicle that the RBP should establish control mechanism and monitor pool vehicle, the MoF has not drawn any proper understanding with the RBP. Thus, there is no additional measures instituted to control and monitor the movement of pool vehicles.</p>
7	<p>All light vehicles procured for Government Agencies shall be of white color only.</p> <p>PMM 2016</p>	<p>The RAA observed more than 66 vehicles other than white colour.</p>
<p>Source: Compiled by RAA</p>		

As indicated in the Table 2.11, there are some provisions in the existing rules and regulations that are not applicable, ambiguous and irrelevant to mandate of the agency. For instance, the Clause 19.3.4 of the BCSR 2018 states *'The HRC of the agency shall function as the disciplinary committee, shall hear and decide administrative action against an erring civil servant'*. Whereas, Clause 9.5.3 of PMM states *'Repeat offence shall be considered a major infringement and the offender shall be subject to appropriate administrative action by the RCSC'*. Similarly, there are some clauses in the PMM 2016 and Rules on Pools Vehicles 2000 related to the function and authority like RBP, RSTA and RAA that are ambiguous or irrelevant.

- c. Upon enquiry with relevant agencies, it was pointed out that some provisions were not applied due to some practical reasons. The MoF said that they could not follow the cost ceiling for procurement of vehicles because of the limited brands available in the market and thus, recommended Toyota Prado, Ford and Mitsubishi

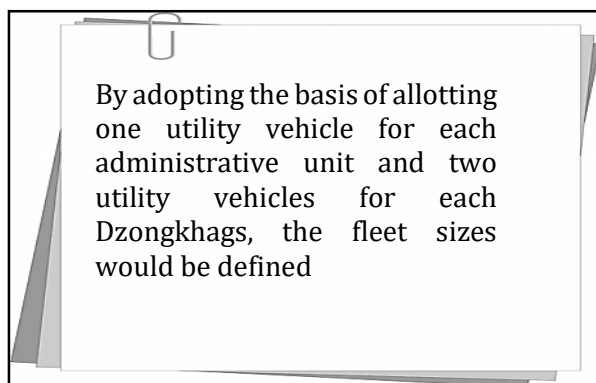
'The responsibilities of the Ministry of Finance shall include: setting rules and interpretations thereof...'

as the government vehicles. Similarly, agencies like RCSC, RAA and RBP were not consulted properly while formulating rules as their mandates does not directly relate to the activities they perform.

- d. Although the Ministry of Finance has formulated, amended and superseded rules and regulations, notifications and circulars governing the government vehicles from time to time, there were instances of inconsistent provisions resulting in variations in the application of some clauses in the rules and regulations for management.
- e. Thus, the RAA is of the view that such inconsistent provision might have resulted from the frequent change in the policy, rules and fragmented documentation system. There are number of rules and policies besides FRR 2016, which the agencies are mostly not aware of its existence and readily not available. Therefore, the legitimacy of existing rules and regulations were not established as many provision were not applicable or not followed. Further, in absence of comprehensive rules, the RAA is of the view that some of the documents may have been superseded, amended or not applicable to the present situation.

2.5 Inadequacies in determination of fleet positions and distributions

a. Clause 9.1.1 of PMM 2016 mandates the MoF to examine the existing fleet position and vehicle deployment pattern of an authority before allowing incorporation of provisions for procurement of vehicles in the project agreements. In addition, Clause 2.1 of the amended rules on the use of pool vehicles 2000 requires each government agency to maintain a minimum number of pool vehicles required for official purposes. The level of pool vehicle strength should be decided by MoF and concerned agency and will be subject to reviews at the time of budget session. Further, the directives of Government conveyed vide COM/04/04/814 dated 11 January 2005 requires the MoF to ensure fair and equitable distribution of government vehicles among different ministries and agencies.



b. In this regards, MoF has adopted the policy of providing utility vehicles in the Secretariat, Department, Dzongkhags, Drungkhags and Drungthrim based on the directives of Government issued vide letter no. C-3/74/778 dated 25 May 2015.

c. However, the MoF as nodal agency for vehicle acquisition, deployment and disposal do not have a predefined requirement of vehicle considering the size of agency, mandates and its nature of duties. Moreover, the MoF has not carried out assessment on fleet position. Review of documents, discussion and interviews with relevant officials from the MoF and agencies revealed that vehicle requirement at the agency level are being pursued by moving a note sheet to MoF and arrangement made accordingly by the DNB, MoF either through new procurement or transfers of surrendered vehicles. For instance as on 10 August 2016 there were 91 requests made by agencies both as a replacement and new purchases as shown in Table 2.12.

Agency	No. of cars
Constitutional Office	10
Autonomous	11
Ministries	70
Total	91

Source: DNB, MoF

d. Each agency provide number of justification and associated problems without pool vehicles. For instance, Office of Attorney General has submitted a note sheet stating that they were not provided with enough number of pool vehicles compared to constitutional offices despite having to render same workload/mandates. Similarly, every agency writes to MoF citing various reasons to have additional pool vehicles or replace the existing ones.

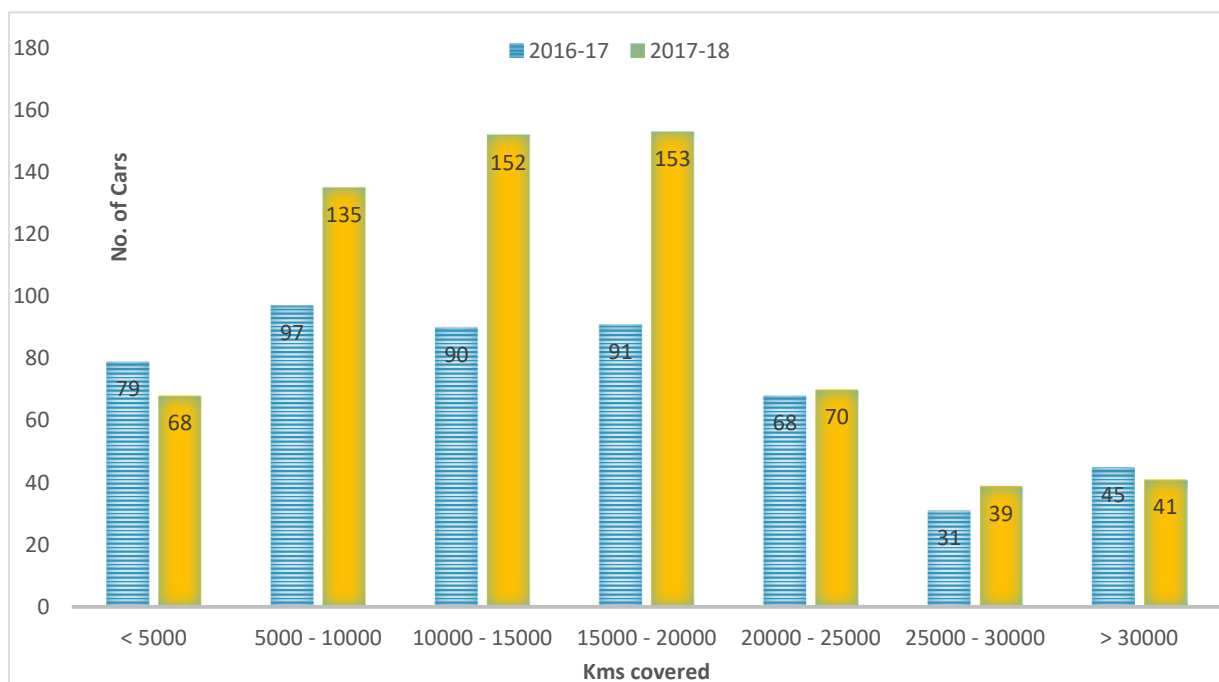
e. The RAA also observed that there were inadequacies in policy of providing utility vehicles. For instance, all Dzongkhags were provided with two utility vehicles irrespective of their size, nature of duties and prevailing road conditions. More so, the MoF has not acted on the policy adopted on the number of utility vehicles to be maintained in each agency. As a result, due to weak enforcement on directives issued by the government and in-action on the basis adopted by MoF,

the RAA could not comprehend the actual number of Government vehicles required to render the services in three identified categories (Designated, common pool and special purpose vehicles).



- f. Further, the RAA in order to identify optimal usages of the Government vehicle has worked out usage of the vehicles in terms of distance covered in KM by 1159 Vehicles. It was observed that, of the 501 vehicles in the financial year 2016-17, 79 vehicles has covered distance less than 5000KM, and only 45 vehicles covered more than 30,000KM. Similarly, in 2017-18 of the 658 vehicles 68 vehicles has covered distance less than 5000KM and only 41 vehicles covered more than 30,000KM. So, in in both the years the majority of the vehicles has covered distance less than 15,000KM as shown in Figure 2.

Figure 1: Summary of Distance covered in Km by 1159 vehicles in the Year 2016-17 & 2017-18



While there is no benchmark required for the distance coverage for each vehicle, the RAA could not determine whether the vehicles are underutilised or excess in fleet positions in different ministries and agencies.

2.6 Inadequacies in the Standardization of Government vehicles

- a. The MoF had started the standardisation of the government vehicles vide letter no. MF/Adm-2/2008/6164 dated 07/05/2008 and stated that the Cabinet members and speakers are entitled for one exclusive staff car with driver. The model of the staff cars will be Toyota Prado with full options for the Cabinet Ministers and Toyota Land Cruiser for the Prime Minister. Further, the Guideline on the standardisation of vehicles for the designated vehicles issued by MoF also

outlines the standard of vehicles to be allotted to various position holders. In addition, the notification issued vide letter no. 370/MF/ADM/97/2717 dated 12 February 1997 states, 'The purchase of luxury vehicles with expensive options will be strictly prohibited. Only standard model with power steering where necessary shall be permitted'.

- b. On review of the list of designated vehicles, it was observed that of the 106 position eligible for the designated vehicles with specified types, 45 position levels were not allotted as per the standardization policy and guidelines in place. The summary of the current allotment practices among ministries and agencies are shown in **Table 2.13**.

Sl. No	Officials entitled for designated vehicles	Make of Vehicle	Current Allotment
1	Head of constitutional bodies (4)	Toyota Fortuner or equivalent Model	Prado (ACC), Toyota Landcruiser Prado(RCSC), Land Cruiser (ECB) Land cruiser Prado TX (RAA)
2	Chairperson of Privy council (1)	Toyota Fortuner or equivalent Model	Prado
3	Attorney General (1)	Toyota Fortuner or equivalent Model	Land cruiser Prado
4	Judges of Supreme court (4)	Toyota Fortuner or equivalent Model	Toyota Prado
5	Government Secretary (1)	Toyota Fortuner or equivalent Model	Prado (MoF)
6	Judges of High court (1)	Mitsubishi Pajero Sports or equivalent Model	Toyota Prado (Acting chief Justice)
7	Member and commissioner of constitutional bodies (4)	Mitsubishi Pajero Sports or equivalent Model	Prado (ECB & ACC)
8	Secretary General of National Assembly & Council (2)	Mitsubishi Pajero Sports or equivalent Model	Prado
9	Commission Secretaries (4)	Mitsubishi Pajero Sports or equivalent Model	Prado(NLC, DDC) Fortuner(GHNC) Land Cruiser Prado(NEC)
10	President of JDWNRH(1)	Mitsubishi Pajero Sports or equivalent Model	Toyota Land cruiser
11	Dzongdag (20)	Mitsubishi Pajero Sports or equivalent Model	Prado
12	Members of Privy Council (2)	Mitsubishi Pajero Sports or equivalent Model	Prado

The allotment for these position levels were done prior to coming up of the guideline or in absence of any guideline and standards in the past.

- c. However, in the case of common pool vehicles allotted to the agencies, there is no standardization of the vehicles done. While MoF has a policy on number of utility vehicles to be allotted in each agencies, there is no specified guideline on the ‘Make of Vehicle, Type and CC’ unlike designated vehicles. In absence of such policy in place, it was observed that, there are more than 19 types of vehicles used as common pool vehicles. The details are presented in Table 2.14.

Table 2.14: Summary of allotment of common pool vehicles				
Sl. No	Types of Vehicle	Name of Agency	Average Mileage for FY 2016-17 & 2017-18	Average Expenditure for FY 2016-17 & 2017-18
1	Revo Hilux	MoAF, MoEA, MoH, Paro Dzongkhag	7.20	45,706.17
2	VIGO Hilux	MOAF, Sarpang Dzongkhag, MoWHS, Judiciary, MoEA, MoHCA, MoWHS, NLCS	7.86	99,461.36
3	Ford Ranger	NAB, NSB, MOF, Trashigang Dzongkhag, ACC, RAA, Bumthang Dzongkhag, Judiciary, MoEA	9.60	78,621.50
4	Mitsubishi Hilux	MoHCA, CDB, MoF	8.38	59,668.33
5	Toyota Hilux	All agencies	8.58	99,619.62
6	Mahindra Bolero	MoWHS, MoLHR, MoFA, MoIC, MoAF, Thromde, Dzongkhags & Gewog	9.18	42,585.02
7	CRV Honda	Thromde, MoEA, MoF , MoLHR	7.50	67,968.50
8	Renault Duster	MoFA, MoWHS	7.57	47,497.00
9	Hyundai Santa fee	MoAF,CDB,MoE,DRA,NCHM,ACC,RAA, MoEA,MoFA,MoH,MoHCA,MoLHR,MoI C,NLC	7.19	125,632.00
10	Mahindra Scorpio	MoAF, OAG, Sarpang Dzongkhag, Haa Dzongkhag, MoIC, MoF, MoH, Phuntsholing Thromde, MoWHS, Judiciary	7.84	121,296.00
11	Hyundai Sonata Car	MoFA	6.08	19,355.00
12	Suzuki Swift Car	MoIC	11.51	16,992.00
13	Maruti Esteem car	MoF	6.88	88,835.00
14	Maruti Wagon R	MoWHS, MoIC, MoH, MoFA, MoE, MoAF, NAB, OAG	10.99	35,776.00
15	Hyundai Tucson	MoEA, MoIC	8.96	81,827.00

Source: Compiled by RAA

As indicated in the Table 2.14, the type of vehicle such as Hyundai Santa fee incurred an average maintenance expenditure of Nu. 125,632.00 for FY 2016-17 & 2017-18 (Fuel cost not included), while it indicated an average mileage of 7.19KM per litre. Similarly, there are various other vehicles which showed higher maintenance cost but lesser mileage.

- d. Thus, there is no rationale (*fuel efficiency, durability, economy in terms of cost, nature of use*) for procurement and distribution of various brand and standards of vehicles to the agencies.

2.7 Inadequate controls for management of government vehicles

Clause 2.4 of the Pool Vehicle Rules and Regulation 2000, allows only drivers appointed for the purpose to drive the Government vehicle and Clause 5 of additional rule on use of government pool vehicles provides that, pool vehicles shall not be used to transport civil servant between their residence and office for normal office work. In addition Clause 2.7 states,

‘All provision of the pool vehicle shall apply to the designated vehicles except following:

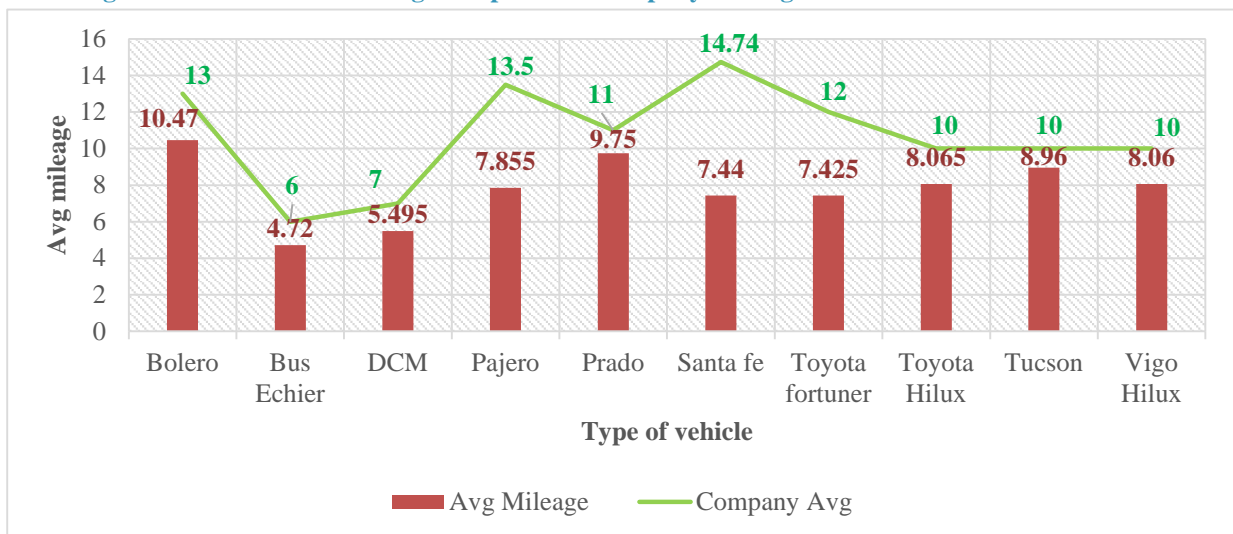
- ⊕ *Movement order will be signed by them, and*
- ⊕ *Allotted vehicles can be parked at their residences’.*

In this regard, various agencies has instituted controls like standardisation of mileage for each vehicles, refuelling using fuel card, introduction of e-receipt at fuel station, issuing movement orders on a daily basis and mandating all pool vehicles to be parked at office premises. Some agencies also developed permissible mileage and has drawn additional ToR for the use of government vehicles. Despite numerous initiatives instituted to curtail the misuse, the RAA observed series of shortcoming as discussed in following paragraph:

2.7.1 Variations in Mileage

- a. The RAA collected information on distance covered and fuel recouped by vehicles through online Google survey forms and field visits to 10 Ministries and some autonomous agencies and compared the mileage of the vehicles against the average company mileage assessed through company website. While there is no established standard for type of vehicles to maintain permissible mileage, the analysis carried out by RAA shows low average mileage by the government vehicles compared to average company mileage as shown in Figure 3:

Figure 2: Variations in Mileage compared to Company Average



- b. In view of variation in mileage shown by various agencies and also in absence of standard mileage for each vehicles, there is weak controls for ensuring efficiency and economy in the management of fuel and maintenance expenses.

- c. The RAA also noted control inadequacies during the fuel recoupment at the fuel stations. While many fuel station in the country does not generate the e-receipt after refuelling, almost all the agencies do not make use of e-receipt generated in some fuel station in Thimphu.

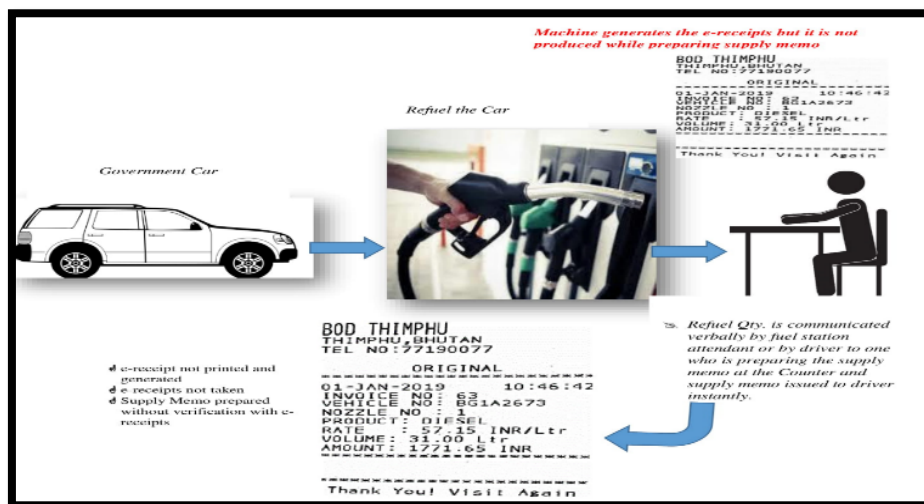


Figure 3: Process flow on fuel recoupment

The figure 4 explains how supply memo is not validated with e-receipts. As illustrated in Figure 4, the Fuel station based in Thimphu after refuelling generates e-receipts which has a provision of incorporating Vehicle Registration Number and which automatically generates the actual quantity of fuel recouped. The driver does not obtain the e-receipts for preparing the supply memo and the driver or attendant communicates the quantity-supplied to one who prepares the supply memo at the counter. The memo preparer at the BoD does not insist for producing the e-receipt. Further, the accounts people verifying the fuel recoupment adjustment bills, do not require the e- receipts as supporting document. As a result, there are risk of billing for more quantity in supply memo than actual issue quantity.

- d. Such inadequacies in the system may provide rooms for manipulation on the quantity of fuel recouped and mileage shown by each vehicles and agency.

2.7.2 Unauthorized use of pool vehicles

Despite, requiring all the agencies to maintain adequate controls over the use of government vehicles, there were more than 106 offences noted by RAA, RBP and reported by agencies themselves for the year 2017-18 as illustrated in Table 2.15 and as detailed in **Appendix-II**. In most of the Ministries and agencies, the

Category of offences	No. of cases
No Movement order/ Expired movement order	28
Unauthorised driving	55
Private work	5
Un-licensed driving	2
Parking at the residences	12
Back-up car for Head of Agencies/Ministers	4

designated and common vehicle were found driven by the officials in contravention to the standing rule. Instances were noted where MTO were authorised to drive the common vehicle in order to efficiently and effectively discharge his official's duties. The review of the movement orders and Log books by the RAA noted cases where vehicle were deployed for the Ministers

Spouse usage and use of common car as a backup for Ministers. Further, the RBP monitoring report showed usages of Government Vehicle for private engagement and purposes in the name of emergency needs without reimbursement or payment for the same as required by rule.

B: Implementation and Management Issues

The FRR 2016, Pool Vehicle Rule 2000, Circular and Notification issued by the government from time to time stipulates the control requirement of the Government Vehicle. The government policies, rules and regulations, notifications and Guideline of Government Vehicle issued by the Ministry of Finance specifies fundamental prerequisites for compliance by all government agencies in procurement and management of vehicles, including proper maintenance of vehicle records.

The paragraphs that follows explain the shortcomings and deficiencies in the government vehicle management System.

2.8 Absence of centralized pooling of vehicles

- a. Clause 9.3.1 of the PMM 2016 states *‘Except for the staff cars placed on the duty of entitled officers, as decided by the government from time to time, all light and heavy vehicles, irrespective of their source of financing or projects to which those are attached, shall be pooled under respective head of the office’*
- b. However, in most of the Ministries, agencies and organizations, the management of Pool vehicles were found to be decentralized to Department, Divisions and Section as presented in table 2.16 and the vehicles were not pooled under the Secretariat/Directorate Services.

Agencies /Ministries	Practice of pooling	Remarks
MoHCA	Department	Different department manages the Vehicle
MoF	Centralized	Managed under the Directorate of Services
MoAF	Department, Seon etc.	Different department, sections manages the vehicle and no separate MTO
MoLHR	Centralized	Managed under the Directorate Services
MoE	Department	Different department manages the vehicle, the MTO under secretariat manages vehicle for secretariat, only.
MoFA	Centralized	Managed under the Directorate Services with independent MTO
MoWHS	Department	Different department manages
MoH	Centralized	Managed under the Directorate Services
MoIC	Department	Different department manages
MoEA	Department	Different department manages
NLCS	Centralized	Has an independent MTO under secretariat

- c. As a result, there were instances where the Secretariat Services (i.e. Directorate Services) were not aware of whereabouts of the Government Vehicle and it may perceived to be often misused though the vehicle logbook entries showed usage of Government Vehicle for official purpose only. Also due to the absence of pooling of the vehicles under the head of the office, there were multiple officials in the agencies especially in the ministries taking up the role of MTO.
- d. Generally, there are no dedicated MTOs in the agencies as the FRR 2016 only requires to designate any officials to look after the management of pool vehicles in addition to their own responsibilities. Only, the NLCS and MoFA had designated MTO exclusively to look after the management of the Pool vehicle. There were also lack of TOR for the MTO's .The RAA is of the view, that due to lack of dedicated MTO with clear roles, the officials taking up the role of MTOs were not aware of the roles and responsibilities of MTO. Absence of dedicated MTOs could also be the reason for occurrence of offences.

2.9 Improper maintenance of logbook and movement order

- a. PMM 2016 requires the following information to be noted in the Vehicle Log Book:
 - ⊕ Entry of the fuel issued.
 - ⊕ Starting and ending Km reading as well as name of stations and the purpose of utilization
 - ⊕ Officials using the vehicle signing the logbook.
 - ⊕ A summary of performance of the vehicle appended in the vehicle Logbook at the end of every month in accordance with the provision in Rule 4.2.4 in Chapter IV of the Manual”. Further Clause 9.4.4 of PRR 2016 stipulates, *“The movement of all pool vehicles shall be authorized by the respective Transport Officers by issue of movement orders. The movement order requires information similar to that of the Log book’*.
- b. The RAA on verification of the logbook and movement orders in the agencies visited noted that the logbooks and movement orders were not properly maintained. The information in the movement orders were incomplete. The starting and ending kilometers driven were not noted. The Station travelled were not mentioned or mentioned as local without specifying the destination. The log books were not signed by the officials using the vehicles. The purpose of the journey were generally noted as official duty without mentioning the specific purpose. Some agencies issue movement orders only when the vehicles were used for long tours and some agencies do not issue movement orders for the usage of vehicles. The inconsistencies noted in the use of movement orders are highlighted in the following table 2.17.

Table-2.17: Inconsistency in use of the vehicle movement order				
Name	Parent agency	Type of vehicle	Registration No.	Remarks
Thimphu District Court	Judiciary, Thimphu	Mitsubishi Pajero	BG-1A-2867	Movement order issued but not maintained or used.
			BG-1A-2868	

			BG-1-A2869	Movement order used on long tours only
			BG-1-A2870	
Secretariat	Ministry of Education, Thimphu	Toyota Fortuner	BG-1-A2938	No movement order
Directorate Service		Grand Vitra	BG-1-A1735	
Department of Adult & Higher Education		Landcruiser Prado	BG-1-1195	
Secretariat	MoEA	Toyota Fortuner	BG-1A2936	
Secretariat	Ministry of Finance	Landcruiser Prado	BG-1-1999	
			BG-1-A2631	

- c. The inconsistent and improper maintenance of logbooks and movement orders not only contravened the existing procedures/rules in place but also impeded the controls instituted for management of government vehicles and monitoring activities and thus creates avenues for mismanagement of government vehicles.

2.10 Inadequacies in the utilization of Gewog Utility vehicles

- a. The objective of providing every gewog with a utility vehicle was to enhance mobility for efficient and effective implementation and timely monitoring of Gewogs' socio-economic development activities. To administer the proper use and management of Gewog Vehicles, Government has issued guidelines for maintenance & utilization of Utility Vehicle.

The Government, recognizing the importance of empowering local Government and to enhance mobility for execution and timely monitoring of development activities has decided to provide a utility vehicle each to all the Gewogs.

Guidelines on Utility Vehicles

- b. The RAA distributed Google survey forms online to the Gewog Administrative Officers of 205 Gewog to study the controls and usage of Gewog Utility vehicles and benefits it has accrued to the local government leaders, officials and general public at large. 86 of them responded that it is mostly used for official works like tours and meetings, transportation of official purchases and for the emergencies and disasters.
- c. However, inadequacies were observed in the management of gewog utility vehicles as presented in the Table 2.18:

Sl. No	Provision in the Guidelines	No. of cases of Non-compliance
1	The Gup shall be the controlling officer and Gewog Administrative Officer (GAO) as MTO.	In Seven Gewogs GAO acts as controlling officers and MTO and in three gewogs Gups act as both controlling and MTO.

2	The vehicle log book shall be strictly maintained by the driver and verified by the MTO on a daily basis.	28 gewogs responded that the vehicle logs books are not verified by MTO on daily basis.
3	Vehicle history book and log book should be strictly verified by the MTO and Gewog Accountant before making any payment; and	13 gewogs responded that log book and history book were not verified before making the payments.
4	The vehicle shall be parked in the Gewog office premises.	12 Gewogs responded that the vehicles were either parked at Gups, GAOs or driver's residence.

Source: Survey forms and compiled by RAA

As indicated in the Table 2.18, there were various instances of non-compliance to the provisions and procedures laid down in the Gewog utility Guidelines which might impede the effective management and control of the gewog utility vehicles.

- d. The RAA on the analysis of various feedback provided by the Gewog Administrations showed lack of awareness on the responsibilities identified between the controlling officers and motor transport officers. They have also pointed out lack of knowledge on the maintenance of documents like logbooks and vehicle history sheets.
- e. Further, the monthly vehicle monitoring report shared by the RBP to the RAA in the year 2016-17 and 2017-18 showed numerous offences committed by the gewog administration in observing the provisions in the rules on the pool vehicles. The Table 2.19 shows, list of Gewogs who were levied fines for various violations.

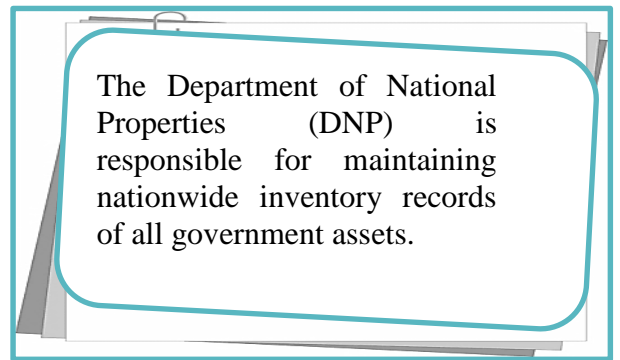
Sl. No	Name of Gewog	Nature of offence	Name of Driver	Date of inspection
1	Phongmey Gewog (Tashigang)	Without movement order	Dorji Norbu	08/03/2018
2	Shermung Gewog (Mongar)	Expired movement order	Sherab	28/01/2018
3	Chaskhar Gewog (Mongar)	Without movement order	Jigme Tenzin	04/11/2017
4	Bjacho Gewog (Phuentsholing)	Driven by Mangmi	Thinley Namgay	08/09/2017
5	Geling Gewog (Phuentsholing)	Without movement order	Pema Gyeltshen	08/09/2017
6	Karmaling Gewog (Phuentsholing)	Unlicensed driving	Gym Bdr Subba	30/09/2017
7	Samtenling Gewog (Sarpang)	No Driving license on spot	Sonam Dorji	29/09/2017
8	Sershong Gewog (Sarpang)	Private work	Ugyen Tshering	09/07/2017

9	Tarathang Gewog	Invalid movement Order	Choki Loday	01/07/2017
<i>Source: Compiled by RAA</i>				

- f. Based on various lapses observed in the utilization of Gewog utility of vehicles by various Gewog Administrations, the RAA is of the view that relevant agencies like Department of Local Governance and respective Dzongkhag Administrations should create more awareness on the intent and rationale of providing vehicles for each Gewogs.

2.11 Unreliable inventory system of Government vehicles

- a. Clause 9.2.2 of the PMM 2016 requires the agencies to register the vehicle with DNP after registration with RSTA.
- b. However, the RAA observed that there is no central database or established inventory system to record the details on government vehicles despite the requirement by the PMM 2016. There is also no fixed asset register of all government vehicles maintained with the DNP.



- c. As a result, the records maintained by DNP does not match with the data maintained by DNB. There is a huge difference in number of vehicles. As per the DNP's record there's only a total of 588 vehicles whereas DNB records show 2437 vehicles. There is a difference of 1849 vehicles depicting that DNP's record is not updated and accurate.
- d. During the audit, the RAA was informed that DNP has developed an online database system called Assets Inventory Management System (AIMS) where every government agency is required to upload the details of all non-expandable properties. As of now, the data from agencies are still being uploaded on the web-based online database system. The DNP informed the RAA that since the system requires the respective agencies to upload the details of non-expandable assets first, the shortcomings were apparently from the agency level for not uploading the details of non-expandable properties.
- e. Thus, the RAA is of the view that lack of reliable data would result in reporting inconsistent or contradictory information to the users of the information and may result in unreliable and inaccurate data that may hamper the informed decision making and government interventions.

CHAPTER 3: FOREIGN VEHICLE QUOTA SYSTEM

PART I (A): OVERVIEW OF FOREIGN VEHICLE QUOTA SYSTEM

The Foreign Vehicle Quota System of allowing import of foreign vehicles, exempt from tax and import duty, started sometime in 1982. This system was extended to high rank officials, officers of the three armed forces and civil servants, depending on their grades. In the course of more than three decades, this system went through many legislations and policy changes and currently it is being allotted to all individuals employed under the legislative, executive and judiciary bodies of the Government, constitutional post holders, armed forces and all public servants, recurrent after certain number of service years or tenure of office.

The objectives on the introduction of foreign vehicle quota system was laid down in the foreign vehicles allotment rules 1994 as follows:

- a. Facilitate mobility of Government officials;
- b. Minimize the demand on pool vehicles and cost of maintenance;
- c. Standardize the import of foreign vehicles.

The chronology of events along with the list of legislation, policies, rules, notifications and circulars governing foreign vehicle quota system are shown in Table 3.1:

Sl. No	Year (s)	Legislations	Remarks
1	1976	Bhutan Motor Vehicles Act 1976	<i>Not Available</i>
2	1982	Grant of special benefits and privileges to the personnel of RBA, RBG, and RBP	Personnel of the 3 Armed Forces
3	1982	Government Vehicles Allotment Rules 1982	<i>Not Available</i>
4	1983	Bhutan Foreign Vehicles (import and transfer) rules 1983	
5	1989	Review of the policy on import of vehicles for allotment to government officials (284/MF/RD/89/496)	Officials grade 4 and above, Officials grade 5,6,7, Officials grade 8 to 11

“As a developing country, we have limited resources. We must manage our available resources wisely, minimize waste, and ensure that all our resources are directed at improving the wellbeing of the people, and in fulfilling our national vision”

“We have more than 29,000 civil servants working in the various ministries and agencies of the government. There are around 13,000 personnel in the armed forces, more than 7,700 people work for various companies under the Druk Holding and Investment, and another 3,300 work for other State Owned Enterprises under the Ministry of Finance. We have around 1,500 elected representative. This brings the total number of public servants in Bhutan, whose salaries and benefits are granted by the State, to around 54,000.”

His Majesty The King’s 111th National Day Address

6	1994	Vehicle Quota Rules 1994	The Representative of His Majesty, Ministers, Deputy Ministers, and Civil Servants in grade 1-6
7	2006 to 2018	Bhutan Civil Servants Rules and Regulations (BCSRR) 2006, 2010, 2012, 2018	Civil Servants in position P3A and above
8	2008	The Parliamentary Entitlement Act of Bhutan 2008 (Amended in 2014)	Does not apply to the Members of the <i>Lhengye Zhungtshog</i> (Cabinet)
9	2009	Parliamentary Entitlement Rules & Regulations	Member of Parliament
10	2009	Cabinet Order	Introduction of 0.8 million cap (limited quota) Eligible Public Servant and Civil Servant from P3A level and above including Members of the Parliament
11	2011	Cabinet Order	Staff of Royal University of Bhutan: RUB was delinked from RCSC in July 2011
12	2012	Royal Bhutan Police Service Rules 2012	Personnel of Royal Bhutan Police
13	2014	Vehicle Quota Rules 2014	Public Servants (P3A and above) and other public servants including Term-based appointment (post holders)
14	2015	Vehicle import authorization rules for Member of Parliament	Members of Parliament

Source : Compiled by RAA

There are two types of foreign vehicle quotas allotted by the MoF to individuals. For clarity, the RAA has segregated as 'Full Quota'; which is issued to Prime Minister, Cabinet ministers and equivalent post holders, and Members of Parliament (has to be less than 3000 cc), where full Customs Duty and Sales Tax on the total value of the vehicles were exempted. The 'Limited Quota' is issued to the following:

- ⊕ Term-based appointments (Holders, member and commissioners of the constitutional bodies and equivalent post holders);
- ⊕ Armed Forces (Royal Bhutan Police, Royal Bhutan Army and the Royal Body Guard); and
- ⊕ Public Servants (including all civil servants) from P3A level and above.

As per records maintained at the DoS, MoF, 7265 limited quotas and 1288 full quotas, of which 1092 are Government vehicles, were issued beginning 2014 till the end of 2018 as shown in Table 3.2:

	2014	2015	2016	2017	2018	TOTAL
Government Vehicles	162	203	326	283	118	1092
International organization/ Expatriates	2	4	19	23	16	64

Members of Parliament (Cabinet Ministers and equivalent position holders)	0	62	5	3	62	132
Post holders*	8	12	9	4	5	38
Religious Institutions & Lams	1	5	8	12	15	41
Armed Forces	118	94	52	61	46	371
Public Servants	1134	1558	123 8	121 0	167 5	6815
TOTAL	1261	1669	1307	1287	1741	7265

Source : DoS, MoF

Note *includes Holders, Members and Commissioners of the Constitutional Office, Governor of RMA, Attorney General and Thrompon

PART I (B): FINANCIAL AND ECONOMIC IMPLICATIONS

The financial and economic implications of the quota system are in terms of forgone tax revenue, depletion of the country's foreign currency reserves and inflating import of vehicle, spare parts and fuel. National statistics indicate increasing import of motor vehicles; and the foreign vehicle quota system aggravates the situation. The vehicle Quota System, over the years, has had huge financial implication to the Government exchequer in terms of tax revenue forgone.

As of June 2018, the total number of registered vehicles in the country stands at 96,307 compared to 88,227 in June 2017; an import of 8080 motor vehicles in a year period (an average of 22 motor vehicles a day). As per data collected from the Department of Revenue and Customs, between 2014 and September 2018, more than 9000 vehicles have been imported using Government issued vehicle quota and more than Nu.3.00 billion in tax revenue has been waived. The following tables represent the annual foregone taxes of vehicles imported from India and Countries other than India, as a result of the foreign vehicle quota system for the period 2014 to 2018.

Table 3.4: The annual foregone taxes for the period January 2014 to September 2018 (Amount in Millions)

Source of Import	2014	2015	2016	2017	2018	Total
From India*	105.7	489.7	480.3	220.8	477.8	1,774.32
Other Than India	79.52	205.7	283.1	508.7	260.6	1,337.54
Grand Total	185.2	695.3	763.4	729.6	738.4	3,111.86

Source: DRC, MoF, Thimphu

Foregone tax revenue as a consequence of the foreign vehicle quota system, in the last five years amounted to Nu.3,111.86 million. The import from India accounted for forgone taxes of Nu.1,774.32 million and other than India it accounts for Nu.1,337.54. Further, any product that is imported into a country depletes a country’s foreign reserve as payments are made in International Currency. The same is the case with import of foreign vehicles. The vehicle quota system only aggravates import of foreign vehicles and consequently, contributes in the foreign reserve depletion caused by import of vehicles coupled by relative import of fuels and spare parts. The RAA has reviewed quota system considering the ambiguities in legislation framework, implementation issues, common misuse of the quotas, and the financial and economical implication on the State’s resources and economy.

PART II: LAPSES AND DEFICIENCIES

Overall, the review found good system controls and supporting documents were maintained satisfactorily. However, the review of existing system and practices indicated some inadequacies, inconsistencies and shortcomings as elaborated in Table 3.3:

Eligible Individuals	Type of Quota	Since (Year)	Current Rule (MoF)	Legislations governing the entitlement.
Cabinet Members and Equivalent Position holders	Full Quota	2008	Import Authorization Rules for Members of Parliament 2015	Does not exist
Members of Parliament	Full Quota	2008	Import Authorization Rules for Members of Parliament 2015	Parliament Entitlement Act
Term-based Appointments*	Limited Quota	2014	Vehicle Quota Rules 2014	Does not exist
Civil Servant	Limited Quota	1982	Vehicle Quota Rules 2014	BCSR and Civil Service Act 2010
Other Public Servants	Limited Quota	2009	Vehicle Quota Rules 2014	Does not exist
Armed Forces	Limited Quota	1982	Service Rules 2012	Does not exist


3.1 Lack of clarity in the legislation and policy framework

The current framework of the allotment of vehicle quota to individual public servants are presented in table 3.3:

- a. The rules governing foreign vehicle quota allotment to members of the Parliament is notification called the ‘vehicle import authorization rules for members of the Parliament 2015’ issued in line with the Parliament Entitlement Act. Based on this entitlement, the

members of the Parliament were issued a 'Full Quota' every term. A 'Full Quota' is also allotted to the Members of the Cabinet and equivalent position holders in line with the same rule. However, the Parliament Entitlement Act specifies that the Act shall not apply to members of the Lhengye Zhungtshog.

- b. The allotment of vehicle quota to the public servant including term based appointments is governed by the 'Vehicle Quota Rules 2014'. The Entitlement and Service Conditions Act for Holders, Members and Commissioners of the Constitutional Offices of Bhutan 2010, states 'The Holders, Members and Commissioners of Constitutional Offices shall be provided with a chauffeur-driven transport'. Similarly, the Judicial Service Act of



'Money Bills and financial Bills shall originate only in the National Assembly whereas any other legislative Bill may originate in either House;

'Taxes, fees and other forms of levies shall not be imposed or altered except by law'.

Article 25. 2 of the Constitution

- Bhutan 2007, states, 'Every sitting Drangpon shall be provided with a chauffeur driven transport'. The acts does not mention a tax-free vehicle quota. However, they are allotted a limited vehicle quota in line with 'Vehicle Quota Rule 2014'. Similarly, the 106 positions eligible for designated duty vehicle were also provided limited quota based on the same rule.
- c. Civil Servants are allotted a vehicle quota based on the 'Vehicle Quota Rule 2014' and in line with the 'Bhutan Civil Service Rules and Regulations', which mentions a tax-free vehicle quota every seven years. Vehicle quota for the armed forces is governed by their service rules – for example, Police Service Rules 2012 for Police personnel. Vehicle quotas like the ones provided to religious organizations and entities are one-time quotas given in line with the Religious Organizations Act 2007. Diplomats and Expatriates are given quota on a case-to-case basis.
- d. There exist multiple legislation and policy frameworks to govern the foreign vehicle quota system. Over the years, quotas were given out by various authorities – namely the Parliament, Cabinet and the Ministry of Finance and the quota allotment/entitlements were governed by various legislations like Acts, Rules, Regulations, Circulars and Notifications. It seems some of the legislation changes happened without following due process. Moreover, many provisions of the existing rules appear inadequate and limited for the existing vehicle quota system. Further there isn't a consolidated or updated version of the rules to govern and monitor the system.
- e. Further, in June 2009, prior to issuance of the vehicle quota rules 2009, a cabinet order to the MoF states, *'The ceiling for the quota entitlement will be set at Nu. 8 lakhs. This shall apply to all quota allotments including the Hon'ble Members of Parliament with the exception of the Hon'ble Cabinet Minister.'* It further states, *'Exemption of taxes and duties on vehicle purchases by individual lopoens and lams of Dratshangs are to be considered*

on a case-by-case basis by the Ministry of Finance on the recommendation of the Dratshang Lhengtshog'. It appears the first directive on the ceiling for the Hon'ble Members of Parliament was not incorporated in the vehicle quota rules 2009. However, the second directive on vehicle purchases by individual lopoens and lams of Dratshangs is still in practice as cases of vehicle quota allotted on 'a case-by-case' were noted during this review.

- f. Further, MoF approved vehicle quota applications of individual lams (of religious organizations) and personals of RBA based on applications for conditional vehicle quota. These allotments were approved considering many factors and requests from their parent organizations. This could also be a result of unclear allotment authority of the vehicle quota as a result of the unclear legislation framework.
- g. The above-mentioned ambiguities indicate the disoriented legislation and policy framework governing the foreign vehicle quota system. However, the review indicate that proper legal interpretation may be required to clearly understand the lawfulness of the process and procedures adopted, over time, that lead up to the formation of existing provisions of the legislations of the vehicle quota system.

3.2 Inadequate provisions in existing Rules

The RAA reviewed the various legislations governing the foreign vehicle allotment system and observed the following inadequacies:

- a. The foreign vehicle allotment rules 1994 were issued with objective to facilitate mobility of Government employees, minimize the demand on pool vehicles and standardize the import of foreign vehicles. The system commenced when the

The foreign vehicle allotment rules 1994 were issued with the following objective:

- ⊕ These rules shall facilitate mobility of Government employees in conducting official duties;
- ⊕ Minimize the demand on pool vehicles and the cost of maintenance; and

country hardly imported foreign vehicles; those imported were for Government use or for 'pool' use of the individuals serving the Government. Currently, this system has become a facility/incentive to multiple Governmental and Non-Governmental organizations and almost all individuals in public service irrespective of the type of employment. It appears the very objective of providing this facility has disorientated over time and the objective of providing a vehicle quota is not mentioned in the revised Rules of 2009 and 2014.

- b. A good monitoring system/tool helps improve the functioning of a system, prevent unwarranted incidents, provide valuable data for decision-making, and evaluate the economy and efficiency of the system. The existing rules clearly state the quotas shall not be misused and a legal agreement to that effect is made and filed at the Ministry of Finance.

However, misuse is evident and provisions neither to follow-up on these agreements nor to monitor the same, exist in any of the rules.

- c. There are no clear provisions in either the Parliament Entitlement Rules or the Vehicle Quota Rules on how the Vehicle Quota is to be treated in the event a Member of Parliament vacates office before completion of their tenure. Similarly no provisions exist regarding the Vehicle Quota for the new Member taking office for the remainder period of the tenure. In light of absence of provisions for the treatment of vehicle quota, it becomes a matter of confusion and contention since the vehicle quota does not have a fix monetary value. RAA noted situations where absence of provisions to treat the vehicle quota created much confusion as presented below:
 - *A Hon'ble National Assembly Member resigned after three years of service in 2016. A 'bye-election' was conducted and a new Member was elected for the remaining two years. The new member was not issued a vehicle quota. However, the vehicle quota value was monetized and recovered on pro-rata basis from the resigning NA member and given to the new member.*
 - *In 2015, three new National Council Members (eminent members) were appointed half way through their terms. The three new eminent member appointed for a period of two years were allotted a full vehicle quota each.*
- d. According to existing rules the validity of a quota is five years for term based public servant and 7 years for other public servants. Utilizing a vehicle quota requires significant financial resources that may not be probable to all public servants. Moreover, this provision indicates disposing and procuring a new vehicle every five years in case of a civil servant since the legal agreement allows sale of vehicle only after five year, which is more than practical. Therefore, these provisions, although intending to curb misuse of the vehicle quota, on a practical note, does not appear rational and may lead a public servant to misuse the quota.
- e. Considering some of the above issues and risks as a result of inadequate provision, rules with general provision doesn't appear sufficient to govern the system. Moreover, these issues and risks are very likely to resurface in the future if interpretation of these provisions is not addressed. Therefore, considering the complexity of the vehicle quota system, it appears urgent to reassess the provision of the rules and institute more relevant provisions.

3.3 Misuse of Vehicle Quota

- a. Foreign vehicle quota rules, states that, *'the vehicle quota allotment shall not be misused including sale to third party for breach of which the public servant shall not be eligible to any quota allotment in the future. In addition, the quota holder shall be liable to pay the applicable sales tax and customs duty on the original CIF value of the vehicle'*. All individuals allotted a vehicle quota, signs a legal agreement, in presence of a witness, agreeing to abide the rules.

- b. However, most individuals do not abide by this legal agreement and most of the vehicle quotas were sold in open market or, in some cases, given to or used by another individual; family members or friends. The legal agreement has become inconsequential and it is common knowledge that, the illegal practice is not just by public servants allotted the limited quota but also rampant amongst high-level public servants allotted the full quota. These transactions are very difficult to identify or monitor since internal agreements were drawn between the buyer and seller for the transaction, but in documents and legally, the vehicle registration is not transferred for the 5-year period. The legal owner does not always have to drive the vehicle. A bigger concern is that, it is an illegal practice that has become a socially accepted norm. Audit has also confirmed quotas being kept with or sold to vehicle dealers directly, who sells the quota together with their vehicles.
- c. These illegal transactions also contribute in inflating the import of vehicles. This can be attributed mainly by sale of the 'full quotas' and to some extent by sale of the 'limited quotas'. The quota buyer purchases a high value vehicle, duty and tax free, and the quota holder purchases a less costly vehicle, with the amount made from the sale of the quota. These situations leads to purchase import of two vehicles. Moreover, because of the taxation system of Bhutan, there is varying tax benefit (exemption) depending on the import sources and type of quotas. Such variations most likely to encourage these transactions.

CHAPTER 4: RECOMMENDATION

Based on the lapses and deficiencies discussed in Chapter Two and Three, the RAA made set of recommendations with a view to enhance greater accountability, rationalize and control the management of government vehicles and foreign vehicle quota system as detailed below:

A: Recommendation related to Government vehicles

The RAA proposed nine recommendation for the government vehicle system as presented below:

4.1 The Government should review and adopt strategy on the management of government vehicles

The Cabinet vide letter no. C-3/50/534 dated 10 October 2014 directed MoF to come up with overall clear policy paper or a way-forward on the pool vehicle system. Accordingly, the MoF has drafted and submitted two policy paper namely, 'A-Way-Forward on the Government Pool Vehicle System, April 2015' and 'Strategies for Managing Government Vehicles, December 2016'. While, the Government has issued some directives based on 'A-way-forward report, 'Strategies for Managing Government Vehicles, December 2016' has not been approved by the government.

In absence of overall clear strategy in place, there is no overall framework that would serve as the guiding tools for determining overall fleet positions, realistic economic useful life of vehicles, standards on repair & maintenance and standardization of types of vehicles based on the nature of duties.

Therefore, the Government should review and formally adopt the strategies submitted by MoF to ensure efficient and effective management of government vehicles.

4.2 The MoF should develop clarity on the legislation governing the designated vehicles, the eligibility and scope of such vehicles

Designated vehicles are those vehicles which are provided to Government officials who are entitled based on the relevant laws, rules and policies.

Currently, the entitlements of the designated vehicles to various positions are either governed by Acts, Rules, Guidelines or Circulars. In this regard, there is lack of proper and consistent basis to provide designated vehicles as entitlement to various position levels as some are governed by Acts, some by Rules and some by Guideline, Circulars/Notifications. Thus, there is a need for consolidation of these various legislation, rules, circulars and notifications to bring clarity on their relevance and applicability.

Further, as against the total of 106 eligible officials entitled for designated vehicles as indicated in the guidelines for designated vehicles, there were 167 additional officials using common pool vehicles as designated vehicles though not covered by extant rules and regulations on designated vehicles. Therefore, there is immediate need for reviewing and bringing clarity in the entitlement of designated vehicles for positions not covered by the extant rules and guidelines based on nature of their jobs.

Also the existing rules and legislation in place does not explicitly specify purposes for which the designated vehicles should be used. Such inadequacies in the provision would result in ineffective management and render difficulty to monitor the movement of vehicles. Thus, MoF should bring clarity on the purposes of the use of designated vehicles for better control and accountability.

4.3 The MoF should review and update extant rules and regulations governing vehicles

Although the Ministry of Finance has formulated, amended and superseded rules and regulations, notifications and circulars governing the government vehicles from time to time, there were instances of inconsistent provisions resulting in variations in the application of some clauses in the rules and regulations for management. Such inconsistent provision were due to frequent changes in the policy, rules, notifications and fragmented documentation. There are number of rules and policies besides FRR 2016, which the agencies are mostly not aware of its existence and readily not available. Further, in absence of comprehensive rules, the RAA is of the view that some of the documents may have been superseded, amended or not applicable to the present situation.

Therefore, the MoF should review the rules on the government vehicles and consolidate into one comprehensive document for maintaining consistency in the application of government vehicle rules.

4.4 The MoF should examine the fleet position

The government rules and directives mandates the MoF to examine the existing fleet position, vehicle deployment pattern of an authority and to ensure fair and equitable distribution of government vehicles among different ministries and agencies. But the MoF as a nodal agency for vehicle acquisition, deployment and disposal do not have guidelines and set criteria in place for determining the requirement of government vehicle for various agencies. Moreover, the comprehensive assessment of fleet position has not been carried out.

Thus, the current existing vehicle fleet position does not reflect the actual requirement of vehicles at national and agency level which may lead to excessive or short allocation of vehicles to various agencies.

Therefore, the MoF should examine the fleet position for each agency to determine whether the vehicles are excessive or not adequate in the agencies for effective discharge of their organizational mandates. This would enable the MoF in rationalizing the procurement, determining the fleet sizes and developing processes and controls over the custody, control and uses of government vehicles.

4.5 Controls over the usage, consumption of fuel and maintenance of government vehicles should be strengthened

Although various agencies have instituted numerous controls for management and use of the government vehicle, control inadequacies were generally noted in many agencies in terms of mileage achieved, fuel recoupment and use of pool vehicles. For instance, since there is no established standard mileage for each type of vehicle, it has resulted into inconsistent practices

depending on extent of controls instituted in the respective agencies. The RAA observed variations in fuel consumption per KM recorded in various agencies for same type of vehicle. The following controls may result in efficient management and use of vehicles:

- ⊕ Prescribing the minimum mileage for different type of vehicles;
- ⊕ Instituting the system of producing e-receipt generated at the time of fuel recoupment;
- ⊕ Strict monitoring and supervision particularly during major repair and maintenance;
- ⊕ Effective controls over log-books and movement orders with specific purpose of movement; and
- ⊕ Institute the system of using fuel card/debit card in all the agencies.

4.6 The MoF should review the standardization and allotment of government vehicle

The Guideline on the standardization of vehicles for the designated vehicles, 2015 outlines the type and make of vehicles to be used as designated vehicles. However, it was observed that of the 106 position eligible for the designated vehicles with specified types, 45 position levels were not allotted as per the standardization policy and guidelines in place and audit was made to know that the procurement and allotments were done prior to the standardization. In some cases old vehicles were allotted, in which case the guidelines could not be implemented.

Further, there is no established standardization for the common pool vehicles. As a result, the RAA observed that there are more than 19 types of vehicles used as common pool vehicles, which showed varying and uneconomical mileage and maintenance expenses. Therefore, the MoF should study the current fleet position and standardize the common pool vehicles based on the position, utility, duty stations, nature and functions of the agencies. The MoF may like to ascertain the equivalent annual cost of various types of vehicles for making proper decision and obtain feedbacks and suggestions from the agencies on their experiences of using different types of pool vehicles.

4.7 The MoF should maintain reliable data-base

Data reliability is very crucial for any policy decision making or necessary interventions. However, RAA observed no central database or established inventory system to record the details on government vehicles. There is also no fixed asset register of all government vehicles maintained with the DNP despite the requirement by the FRR 2016. As a result, the records maintained by DNP does not match with the data maintained by DNB. There is a huge difference in number of vehicles. As per the DNP's record there's only a total of 588 vehicles whereas DNB records shows 2437 vehicles.

Therefore, as mandated by the FRR 2016, the MoF should update information related to Government vehicles for better and informed decision making. The DNP being the nodal agency for keeping the central inventory for all government agencies, should have all the records of vehicle inventory and co-ordinate with DNB so that the inventory list is up to date and budget allocation is made on actual number of vehicles.

4.8 MoF should strengthen coordination and monitoring mechanism

The RBP is authorized to stop and inspect Government pool vehicles for ensuring strict observance of the Rules on use of pool vehicles. The RBP has been monitoring and inspecting the movement of vehicles through surprise checks and registry at various gate points and reported various offenses related to no movement order/expired movement order, unauthorized driving or using pool vehicles for the private work.

Based on the instances observed, it appeared that existing controls instituted are not adequate as in many cases movement orders did not indicate specific purpose, exact timings, dates, destination and names of officials using the pool vehicles. Moreover, the existing monitoring system by RBP may not be adequate as they may lack resources. The government may review the adequacy, effectiveness and applicability of existing monitoring arrangement like involvement of RCSC and RAA in terms of their mandates and jurisdictions and come up with robust monitoring system and involve relevant agencies including RSTA, RBP and agencies concerned.

B: Recommendation related to Foreign Vehicle Quota System

The RAA proposed three recommendation for the foreign vehicle quota system as presented below:

4.9 Clarity in legislation and policy framework to govern and monitor the vehicle quota system

With increasing number of public servants, and significant financial, economic and environmental implications related to vehicle quota system, there is an urgent need to institute proper legislation and policy framework to govern and monitor the foreign vehicle quota system. Currently, there exist multiple legislation and policy frameworks governing the quota system. However, there is no mechanism prescribed in relation to monitoring of quota system leading to implementation issues and higher risk of misuse. Further, it seems some of the changes in the legislation appeared to have been affected without following due process. Many provisions of the existing rules appear inadequate and limited for the existing vehicle quota system that allots two types of quota and has varying tax benefit depending on the source of import.

It is recommended to re-examine the existing framework, and consolidate and revise the legislations, and rules & regulations to bring in clarity to effectively govern and monitor the foreign vehicle quota system.

4.10 Government should revisit the objective of allotting a foreign vehicle quota to public servants

The Foreign Vehicle Allotment Rules 1994 were issued with objective to facilitate mobility of Government employees, minimize the demand on pool vehicles and standardize the import of foreign vehicles. The system commenced when the country hardly imported foreign vehicles and those imported were for government use. Currently, this system has become a facility/incentive to multiple Governmental and Non-Governmental organizations and almost all individuals in

public service irrespective of the type of employment. It appears the very objective of providing this facility has disorientated over time. This review showed that due to the quota system, the government incurs loss of over Nu.700 million annually in foregone-tax revenue. It contributes to the depletion of foreign reserves and has created illegal market and is seen to inflate import of vehicles in the process.

Thus, considering the financial and economic implication of the quota system and ambiguous legislations, it may be timely to revisit the very objective of providing this facility or incentive. An in-depth cost-benefit study may be required to fully understand the overall consequences of this system. It is recommended to revisit the objective of providing this facility based on cost-benefit analysis, existing economic and environmental situations in the country, and approval from relevant authority.

4.11 Need assessment and stakeholder consultation deemed necessary

Bearing in mind the large incidences of the foreign vehicle quotas allotted to individuals being misused, largely reckoned as an accepted practice and the intended tax benefits not fully realized by the intended beneficiaries, unless an efficient monitoring system is in place, the purpose to continue this system does not appear rationale.

Therefore, it is recommended to carry out proper need-assessment of the system in consultation with relevant authorities and stakeholders, to rationalize the existing system to ensure that the intended objectives and benefits of quota system are realized.

CHAPTER 5: CONCLUSION

The Government vehicle system was introduced in 1960s with the intention to improve public service delivery ever since the planned development activities. It was introduced for efficient and effective delivery of public service through enhanced mobility. Annually significant portions of total resources of the government were spent on procurement, maintenance and recoupment of government vehicles. The total cost on vehicles in terms of acquisition, maintenance and rental of vehicle accounts for Nu.3,620.14 million from the financial year 2013-14 to 2017-18. Similarly, the Foreign Vehicle Quota System initially started when the country hardly imported foreign vehicles and those imported were for Government use or for 'pool' use of the individuals serving the Government. The objective of extending this facility to civil servants was to ease the use of government pool vehicles and also to incentivize civil servants and the armed forces after certain number of service years.

The study was carried out with an overall audit objective to determine whether the Government vehicles and quota system were operating economically, efficiently and effectively.

The review of legal and policy framework governing government vehicles showed certain inconsistencies and inadequacies in the provisions of the Act and Rules and Regulations. Such shortcomings and inconsistencies have potential to impair the enforcement and regulation which consequently resulted to variations in the application and implementation of rules in place. The RAA observed ineligible officials being allotted with designated vehicles in deviation to existing government rules thereby leaving avenues for misuse of Government vehicle and overriding of controls over the use of government vehicles in the agencies.

The review also showed deficiencies that had surfaced mainly from inadequate controls and overriding of controls, inaccurate data, lack of coordination between agencies and non-compliance to prevailing rules and regulations.

On the review of foreign allotment quota system, it indicated that the legislation and policy frameworks lacked clarity and there were inadequacies in the existing rules and regulations. The RAA noted that growing numbers of individuals qualifying for the quota has resulted in significant negative financial and economic implications on government resources and economy. It was also noted that many individuals have sold to third party indicating flaws in the existing control mechanism instituted by the Ministry of Finance. The review also indicated that extensive review and policy intervention is required to achieve the primary objective of the foreign vehicle quota system and re-evaluate the cost-benefit of the system.

Therefore, based on the issues discussed in the report, the RAA has suggested series of recommendations requiring appropriate policy interventions at appropriate level.

Appendices

Appendix-I: Details of officials with designated vehicles not covered by any governing Acts, Rules and Guidelines

Sl.No	Name	PositionTitle	Position Level	Department_Name	Type of Vehicles
1	Jamyang Choeden	Director	EX3	Bhutan Council for School Examination and Assessment	Santa Fe
2	Dr. Sonam Phuntsho	Director	EX3	Bhutan Health Trust Fund	Santa Fe
3	Chencho Dorji	Director General	EX2	Bhutan Information Communications & Media Authority	Santa Fe
4	Sonam Dorji	Registrar General	EX2	Bhutan Medical Health Council	Prado
5	Phuntsho Wangdi	Director General	EX2	Bhutan Narcotic Control Authority	Santa Fe
6	Sonam Karma Tshering	Secretary General	EX3	Bhutan Olympic Committee	Prado
7	Sonam Phuntsho	Director General	EX2	Bhutan Standards Bureau	Prado
8	Karma Pemba	Director	EX3	Cabinet Secretariat	Santa Fe
9	Dasho Karma Ngawang Ura	President	EX1	Centre for Bhutan Studies and GNH Research	Fortuner
10	Phub Rinzin	Director	EX3	Construction Development Board	Santa Fe
11	Kinga Jamphel	Drug Controller	EX3	Drug Regulatory Authority	Santa Fe
12	Rinchen Wangdi	Director	EX3	Gross National Happiness Commission	Prado
13	Tshering Yangden	Director	EX3	Jigme Dorji Wangchuk National Referral Hospital (JDWRH)	Santa Fe
14	Duba	Director	EX3	National Assembly Secretariat	Ford Ranger
15	Karma Dupchu	Director	EX3	National Center for Hydrology and Meteorology (NCHM)	Santa Fe
16	Kunzang Lhamu	Director	EX3	National Commission for Women & Children	Santa Fe
17	Rinzin Penjore	Director	EX3	National Council Secretariat	Ford Ranger
18	Tenzin Namgay	Director	EX3	Department of Land Administration & Management	Santa Fe
19	Geley Norbu	Director	EX3	Department of Survey and Mapping	Santa Fe
20	Letho Tobdhen Tangbi	Secretary	EX1	International Boundaries	Fortuner
21	Chhime Tshering	Director	EX3	National Statistics Bureau	Prado
22	Kinga Dakpa	Director	EX3	Royal Education Council	Prado
23	Tshewang Tandin	Director General	EX2	Royal Institute of Management	Prado
24	Nima Tshering	Dy. Chief		Principal Secretary to HPM, Cabinet Secretariat	Hyundai Tucson
25	Ugyen Tenzin	Specialist		Rehabilitation Program	Hilux Vigo
26	Chhimmy Pem	Director	EX3	Tourism Council of Bhutan	Prado
27	Gyeltshen	Director	EX3	Department of Investigation	Santa Fe

28	Karma Thinlay	Director	EX3	Department of Prevention & Education	Ford Ranger
29	A. Karma Rinzin	Director	EX3	Department of Professional Support	Ford Ranger
30	Prem Mani Pradhan	Joint Auditor General	EX2	Department of Sectoral Audit	Santa Fe
31	Chimi Dorji	Dy. Auditor General	EX3	Department of Performance & Commercial Audit	Santa Fe
32	Ugyen Dorji	Dy. Auditor General	EX3	Department of Follow Up,Regions and HRM	Ford Ranger
33	Tashi Pem	Director	EX3	Royal Civil Service Commission	Prado
34	Kinley Gyelsthen	Dzongrab		Paro	Hilux Rivo
35	Sonam Dorji	Dungpa		Panbang	Hilux Vigo
36	Kinzang Dorjee	Dzongrab		Zhemgang	Ford Ranger
37	Wangchuk Dorji	Dzongrab		Trashigang	Hilux
38	Sonam Wangdi	Dzongrab		Sarpang.	Hilux
39	Sherub Dorji	Dzongrab		Chhukha	Hilux
40	Nima Gyeltshen	Dzongrab		Wangdue Dzongkhag	Hilux
41	Passang Dorji	Dzongrab		Pema Gatshel	Hilux
42	Karma Dhendup	Dzongrab		Trongsa	Hilux
43	Phurba Wangdi	Dzongrab		Haa	Hilux
44	Phuntshok Wangdi	Dzongrab		Samtse	Hilux
45	Tshewang Namgyal	Dzongrab		Gasa	Hilux
46	Lam Dorji	Dzongrab		Trashiyangtshen	Hilux
47	Jamyang Cheda	Dzongrab		Monger	Hilux
48	Pema Dorji	Dzongrab		S/Jongkhar	Hilux
49	Ugyen Tshering	Dzongrab		Punakhha	Hilux
50	Tshiltrim Dorji	Dungpa		Sangbaykha	Hilux
51	Karma Jurmi	Dungpa		Dorokha	Hilux
52	Sonam Tshering	Dungpa		Gelephu	Hilux
53	Sangay Phuntsho	Dungpa		Wamrong	Hilux
54	Wangchen Norbu	Dungpa		Thrimshing	Hilux
55	Lamdra Wangdi	Dungpa		Jomotsangkha/Diafam	Ford Ranger
56	Lobzang Dorji	Dungpa		SamdrupChholing/Bangtar	Ford Ranger
57	Sherab Zangpo	Dungpa		Sakten	Ford Ranger
58	Namgay Dorji	Dzongrab		Tsirang	Hilux Rivo
59	Tashi Gyeltshen	Dungpa		Lhamoizingkha	Hilux Vigo
60	Chewang Jurmi	Dzongrab		Thimphu	Hilux
61	Karma Tshering	Dzongrab		Thimphu	Hilux
62	Mani Sangye	Dungpa		Lingzhi	Hilux
63	Tandin Dorji	Dzongrab		Jakar	Hilux
64	Karma Rinchen	Dungpa		Phuntsholing	Hilux
65	Karma Dorji	Dzongrab		Dagana	Hilux Vigo

66	Tashi Tenzin	Dungpa		Weringla	Hilux Vigo
67	Karma Wangdi	Dungpa		Nganglam	Hilux
68	Dr. Tashi Samdup	Director General	EX2	Department of Livestock	Prado
69	Ugyen Penjore	Director General	EX2	Department of Agricultural Marketing & Cooperatives	Prado
70	Namgay Wangchuk	Director General	EX2	Bhutan Agriculture & Food Regulatory Authority (BAFRA)	Prado
71	Kinlay Tshering	Director	EX3	Department of Agriculture	Prado
72	Phento Tshering	Director	EX3	Department of Forest & Park Services	Fortuner
73	Rabgye Tobden	Director	EX3	Directorate	Prado
74	Tandin Tshering	Director General	EX2	Department of Cottage & Small Industries	Prado
75	Phuntsho Tobgay	Director General	EX2	Department of Geology & Mines	Prado
76	Kinley Tenzin Wangchuk	Director General	EX2	Department of Intellectual Property	Santa Fe
77	Dasho Phuntso Norbu	Director General	EX2	Department of Industry	Prado
78	Sonam Tenzin	Director	EX3	Office of the Consumer Protection	Honda CRV
79	Mewang Gyeltshen	Director	EX3	Department of Renewable Energy	Santa Fe
80	Karma Penjor Dorji	Director	EX3	Department of Hydro Power & Power System	Prado
81	Sonam Tenzin	Director	EX3	Department of Trade	Pajero Sports
82	Yeshey Rangrik Dorjee	Director	EX3	Directorate	Santa Fe
83	Karma Tshering	Director General	EX2	Department of School Education	Prado
84	Kesang Choden Dorji	Director General	EX2	Department of Adult & Higher Education	Prado
85	Gholing Tshering	Director General	EX2	Department of Youth & Sports	Fortuner
86	Kinley Gyeltshen	Director	EX3	Directorate, Ministry of Education	Grand Vitra
87	Lekzang Dorji	Director General	EX2	Department of Macroeconomic Affairs	Prado
88	Dawala	Director General	EX2	Department of National Properties	Prado
89	Loday Tsheten	Director	EX3	Department of National Budget	Pajero
90	Jigme Namgyel	Director	EX3	Directorate	Honda CRV
91	Yonten Namgyel	Director	EX3	Department of Revenue and Custom	Pajero Sports
92	Tshering Dorji	Director	EX3	Department of Public Accounts	Prado
93	Kinley Wangdi	Director	EX3	Directorate, MFA	Sonata
94	Tenzin Rondel Wangchuk	Director	EX3	Department of Multilateral Affairs	Sonata
95	Rinchen Kuentsyl	Director	EX3	Department of SAARC & Regional Organizations	Santa Fe

96	Dr. Pandup Tshering	Director General	EX2	Department of Medical Services	Prado
97	Sonam Dawa	Director General	EX2	Department of Medical Supplies & Health Infrastructure (DMSHI)	Prado
98	Kuenga Tshering	Director General	EX2	Department of Traditional Medicine Services (DTMS)	Fortuner
99	Dr. Karma Lhazeen	Director	EX3	Department of Public Health	Santa Fe
100	Tenzin Chopel	Director	EX3	Directorate	Santa Fe
101	Karma Weezir	Director General	EX2	Department of Culture, Ministry of Home & Cultural Affairs	Prado
102	Yangchen Chhoedon	Director	EX3	Directorate	Santa Fe
103	Tashi Penjore	Director	EX3	Department of Law and Order	Prado
104	Tashi Tobgye	Director	EX3	Department of Civil Registration & Census	Prado
105	Khenpo Phuntsho Tashi	Director (National Museum)	EX3	National Museum Paro TaDzong	Mitsubishi Hilux
106	Pema L. Dorji	Director	EX3	Department of Immigration	Prado
107	Pemba Wangchuk	Director General	EX2	Road Safety and Transport Authority	Prado
108	Jigme Thinlye Namgyal	Director General	EX2	Department of Information Technology & Telecom	Prado
109	Karma Wangchuk	Director	EX3	Department of Air Transport	Hilux
110	Rinchen Dorji	Director	EX3	Department of Information & Media	Santa Fe
111	Kinley Wangchuk	Director	EX3	Bhutan Civil Aviation Authority	Pajero
112	Sherub Tenzin	Director General	EX2	Department of Employment and Human Resources	Prado
113	Sonam Wangdi	Director	EX3	Department of Labour	Prado
114	Sonam Pelden Thaye	Director	EX3	Directorate	Santa Fe
115	Norbu Wangchuk	Director	EX3	Department of Technical Education	Santa Fe
116	Karma Sonam	Director	EX3	Department of Human Settlement	Prado
117	Karma Dupchuk	Director	EX3	Department of Engineering Services	Prado
118	Tenzin	Director	EX3	Department of Roads	Prado
119	Dhak Tshering	Director	EX3	Directorate	Prado
120	Kezang Deki	Chief		Department of Industry	Creta
121	Mahesh Pradhan	Specialist		Department of Engineering Services	Duster
122	Khampa Tshering	Chief		Ministry of Agriculture and Forests	Hilux
123	Kinley Tshering	Chief		Department of Forest & Park Service	Hilux

124	Ugyen Tshering	Chief		Department of Forest & Park Service	Hilux
125	Wangda Drukpa	Chief		Agriculture Research Development Centre	Hilux
126	Sonam Wangdi	Chief		Nature Conservation Division	Hilux
127	Gyeltshen Drukpa	Chief		Divisional Forestry Office	Hilux
128	Dr. Tashi Yangzome Dorji	Program Director		National Biodiversity Centre	Hilux
129	Yeshi Dema	Program Director		National Plant Protection Centre	Hilux
130	Pema Thinley	Project Manager		PPD	Hilux
131	Ganesh Chetri	Specialist		Department of Agriculture	Hilux
132	Ugyen Nima	Section Head		Department of National Properties, Painting Section	Hilux
133	Dechen Norbu	Chief		Department of Engineering Services	Hilux
134	Karma Namgay	Chief		Department of Engineering Services	Hilux
135	Dago Zam	Chief		Department of Engineering Services	Hilux
136	Dorji Wangdi	Chief		Regional Office, Phuentsholing	Hilux
137	Kunzang Thinley	Principal		Royal Academy of Performing Arts	Hyundai Terracan
138	Dr. Kinley Dorji	Chief		National Veterinary Hospital	Isuzu Pickup
139	Tandin Dorji	Chief		Health Infrastructure Development Division	Prado
140	Kunzang Wangdi	Lam		Lam	Pajero Sports
141	TN Sharma	Specialist		Department of National Budget	Pajero
142	Passang Wangchen Norbu	Chief		Department of Forest & Park Service	Prado
143	Dr. Pema Wangda	Chief		Watershed Management Division	Santa Fe
144	Karma Rinzin	Chief		Department of Livestock	Scorpio
145	Kencho Thinley	Chief		PPD	Ssangyong Hilux
146	Karma Dema	Program Director		National Soil Service Centre	Hilux
147	Phendey Lekshey Wangchuk	Chief		Department of Cultural Properties,	Hilux
148	Tshering Yuden Penjor	Chief		Textile Museum	Hilux
149	Dorji Gyeltshen	Chief		Department of Roads	Hilux
150	Chadoe Gyeltshen	Chief		Regional Office, Thimphu	Hilux Vigo
151	Sonam Tashi	Offtg Head		PPD	Tucson
152	Dechen Yangdon	Chief		Watershed Division	Hilux Vigo
153	Karma Lodey	Chief		Department of Revenue and Custom	Wagon R

154	Tashi Wangmo	Executive Secretary	EX3	Gelephu Thromde	Hilux Vigo
155	Tikram Kafley	Thrompon		Gelephu Thromde	Honda CRV
156	Wangchuk Thayey	Executive Secretary	EX3	Phuentsholing Thromde	Hilux
157	Uttar Kumar Rai	Thrompon		Phuentsholing Thromde	Hilux Vigo
158	Tougay Choedup	Executive Secretary	EX3	Samdrupjongkhar Thromde	Hilux Vigo
159	Karma Sherab Thobgyal	Thrompon		Samdrupjongkhar Thromde	Hilux Rivo
160	Karma Namgyel	Executive Secretary	EX3	Thimphu Thromde	Santa Fe
161	Kinley Dorji	Thrompon		Thimphu Thromde	Fortuner
162	Karma Tsering Namgyal	Secretary	EX1	Dratshang Lhentshog	Fortuner
163	Bhimla Suberi	Chief		PPD	Wagon R
164	Dawa Tenzin	Secretary	EX2	Election Commission of Bhutan	Santa Fe
165	Pekar Rabgay	Principal Engineer		Thimphu Thromde	Hilux Vigo
166	Sangay Dakpa	Chief TEO		Thimphu Thromde	Hilux
167	Karma Jamtsho	Chief Engineer		Thimphu Thromde	Wagon R

Appendix-II: Details of vehicles used inappropriately and offences noted in the year 2017-18

Sl.No	Name of the Organisation	Vehicle No	Nature of Offence/Work
1	Cabinet Secretariat	BG-1-A1671	Backup car
2	Ministry of Agriculture and Forest	BG-1-A2609	Backup car
3	High Court	BG-1-A2856	Backup car
4	Ministry of Labour and Human Resources	BG-1-A2273	Backup car
5	Agriculture Machinery Centre	BG-1-A2017	No Movement Order
6	Agriculture Machinery Centre	BG-1-A2312	No Movement Order
7	Centre for Bhutan Studies	BG-3-0102	No Movement Order
8	Gelephu Dungkhag	BG-3-0116	No Movement Order
9	Tarathang Gewog	BG-3-0307	No Movement Order
10	Geling Gewog	BG-2-A1155	No Movement Order
11	Dungsam Cement Corporation Limited	BG-2-A0869	No Movement Order
12	Dzongkhag Administration Trongsa	BG-3-A0270	No Movement Order
13	Bumthang Rabdey	BG-1-A2843	No Movement Order
14	Bhutan Power Corporation Trongsa	BG-1-A2699	No Movement Order
15	Dzongkhag Administration Dagana	BG-1-A0553	No Movement Order
16	Kidhe Kha Shedra Mongar	BG-1-0790	No Movement Order
17	Tangsibjee Hydro Energy	BG-1-A2546	No Movement Order
18	State Trading Corporation of Bhutan Limited Phuntsholing	BG-2-A1196	No Movement Order
19	Chaskhar Gewog	BG-5-A0029	No Movement Order
20	Jigme Singye Wangchuck National Park	BG-3-A0249	No Movement Order
21	Dzongkhag Administration Trongsa	BG-3-A0245	No Movement Order
22	His Majesty's Secretariat	BG-1-A1509	No Movement Order
23	His Majesty's Secretariat	BG-1-A2723	No Movement Order
24	His Majesty's Secretariat	BG-1-A3333	No Movement Order
25	Dzongkhag Administration Thimphu	BG-1-A2161	No Movement Order
26	Mangdechu Hydropower Authority	BG-2-A0821	No Movement Order
27	Sherabling Center School, Trongsa	BG-2-A0617	No Movement Order
28	Ministry of Agriculture and Forest	BG-3-A0262	No Movement Order
29	Shermung Gewog	BG-5-A0040	No Movement Order
30	Dzongkhag Administration Trongsa	BG-3-A0270	No Movement Order
31	Tangsibjee Hydro Power Coporation	BG-1-A0805	No Movement Order
32	Phongmey Gewog	BG-5-A0052	No Movement Order
33	Sergithang Gewog	BG-3-A6323	Parking at residence
34	Kurtoed Gewog	BG-5-A0023	Parking at residence
35	Drujeygang Gewog	BG-3-A0284	Parking at residence
36	Semjong Gewog	BP-3-A0322	Parking at residence
37	Lumang Gewog	BG-5-A0050	Parking at residence
38	Bjabchhog Gewog	BG-2-A1150	Parking at residence
39	Katsho Gewog	BG-1-A2765	Parking at residence
40	Gopzhi Gewog	BG-3-A0286	Parking at residence
41	Phuntshothang Gewog	BG-4-A0353	Parking at residence
42	Phuentsholing Gewog	BG-2-B1159	Parking at residence
43	Orong Gewog	BG-4-A0351	Parking at residence
44	Geling Gewog	BG-2-A1155	Parking at residence
45	Sherzhong Gewog	BG-3-A0305	Private Work
46	Norbuling Central School	BG-3-A0260	Private Work
47	Bhutan Power Corporation Ltd	BG-2-A0564	Private Work

48	Construction Development Corporation Limited	BG-1-A2387	Private Work
49	Bhutan Postal Corporation Limited	BG-2-A1413	Private Work
50	Bjabcho Gewog	BG-2-A1150	Unauthorized driving
51	Dzomi Gewog	BG1-A2781	Unauthorized driving
52	Kurtoed Gewog	BG-5-A0023	Unauthorized driving
53	Phongmey Gewog	BG-5-A0052	Unauthorized driving
54	Geling Gewog	BG-2-A1155	Unauthorized driving
55	Bjena Gewog	BG-1-A2799	Unauthorized driving
56	Bongo Gewog	BG-2-A1151	Unauthorized driving
57	Chapcha Gewog	BG-2-A1152	Unauthorized driving
58	Chhubu Gewog	BG-1-A2780	Unauthorized driving
59	Drujeygang Gewog	BG-3-A0284	Unauthorized driving
60	Dunglagang Gewog	BG-3-A0315	Unauthorized driving
61	Dungna Gewog	BG-2-A1154	Unauthorized driving
62	Eusu Gewog	BG-1-A2768	Unauthorized driving
63	Getana Gewog	BG-2-A1156	Unauthorized driving
64	Gomdar Gewog	BG-4-A0347	Unauthorized driving
65	Gopzhi Gewog	BG-3-A0286	Unauthorized driving
66	Kana Gewog	BG-3-A0287	Unauthorized driving
67	Kangpar Gewog	BG-5-A0048	Unauthorized driving
68	Karmaling Gewog	BG-3-A0288	Unauthorized driving
69	Katsho Gewog	BG-1-A2765	Unauthorized driving
70	Kawang Gewog	BG-1-A2793	Unauthorized driving
71	Khoma Gewog	BG-5-A0022	Unauthorized driving
72	Lhamoi-Dingkha Gewog	BG-3-A0291	Unauthorized driving
73	Luney Gewog	BG-1-A2774	Unauthorized driving
74	Maedwang Gewog	BG-1-A2795	Unauthorized driving
75	Martshala Gewog	BG-4-A0350	Unauthorized driving
76	Mendrelgang Gewog	BG-3-A0318	Unauthorized driving
77	Metabkha Gewog	BG-2-A1158	Unauthorized driving
78	Orong Gewog	BG-4-A0351	Unauthorized driving
79	Phangyul Gewog	BG-1-A2803	Unauthorized driving
80	Phuentsholing Gewog	BG-2-B1159	Unauthorized driving
81	Samar Gewog	BG-1-A2766	Unauthorized driving
82	Samrang Gewog	BG-4-A0354	Unauthorized driving
83	Shaba Gewog	BG-1-A2776	Unauthorized driving
84	Tsendagang Gewog	BG-3-A0295	Unauthorized driving
85	Udzorong Gewog	BG-5-A0058	Unauthorized driving
86	Wangchang Gewog	BG-1-A2778	Unauthorized driving
87	Yangner Gewog	BG-5-A0059	Unauthorized driving
88	Daga Gewog	BG-1-A2801	Unauthorized driving
89	Jarey Gewog	BG-5-A0021	Unauthorized driving
90	Laga Gewog	BG-1-0069	Unauthorized driving
91	Naja Gewog	BG-1-A2775	Unauthorized driving
92	Patshaling Gewog	BG-3-A0319	Unauthorized driving
93	Phobji Gewog	BG-1-A2809	Unauthorized driving
94	Sergithang Gewog	BG-3-A6323	Unauthorized driving
95	Shongphu Gewog	BG-5-A0056	Unauthorized driving
96	Doteng Gewog	BG-1-A2771	Unauthorized driving
97	Bjabchhog Gewog	BG-2-A1150	Unauthorized driving
98	Gangzur Gewog	BG-5-A0020	Unauthorized driving
99	Khebisa Gewog	BG-3-A0289	Unauthorized driving

100	Merak Gewog	BG-5-A0051	Unauthorized driving
101	Nyisho Gewog	BG-1-A2807	Unauthorized driving
102	Loggchina Gewog	BG-2-A1157	Unauthorized driving
103	Serthi Gewog	BG-4-A0355	Unauthorized driving
104	Thrimshing Gewog	BG-5-A0057	Unauthorized driving
105	karmaling Gewog	BG-3-A0288	Unlicensed Driving
106	Samtenling Gewog	BG-3-A0303	Unlicensed Driving

Appendix-III: Management Action Plan Report

Recon No.	Audit Recommendation in brief	Action Taken or To be Taken	Estimated Implementation Date	Estimated Completion Date	Responsibility Entrusted to:	
					Name & Designation	EID no.
4.1	The Government should review and adopt strategy on the management of government vehicles					
4.2	The MoF should develop clarity on the legislation governing the designated vehicles, the eligibility and scope of such vehicles					
4.3	The MoF should review and update extant rules and regulations governing vehicles					
4.4	The MoF should examine the fleet position					
4.5	Controls over the usage, consumption of fuel and maintenance of government vehicles should be strengthened					
4.6	The MoF should review the standardization and allotment of government vehicle					
4.7	The MoF should maintain reliable data-base					
4.8	MoF should strengthen coordination and monitoring mechanism					
4.9	Clarity in legislation and policy framework to govern and monitor the vehicle quota system					

4.10	Government should revisit the objective of allotting a foreign vehicle quota to public servants					
4.11	Need assessment and stakeholder consultation deemed necessary					

Appendix IV: ACCOUNTABILITY STATEMENT

REVIEW OF GOVERNMENT VEHICLES AND FOREIGN VEHICLE QUOTA SYSTEM

Sl. NO	RECOMMENDATIONS	NAME & DESIGNATION	EID NO.
4.1	The Government should review and adopt strategy on the management of government vehicles		
4.2	The MoF should develop clarity on the legislation governing the designated vehicles, the eligibility and scope of such vehicles		
4.3	The MoF should review and update extant rules and regulations governing vehicles		
4.4	The MoF should examine the fleet position		
4.5	Controls over the usage, consumption of fuel and maintenance of government vehicles should be strengthened		
4.6	The MoF should review the standardization and allotment of government vehicle		
4.7	The MoF should maintain reliable data-base		
4.8	MoF should strengthen coordination and monitoring mechanism		
4.9	Clarity in legislation and policy framework to govern and monitor the vehicle quota system		
4.10	Government should revisit the objective of allotting a foreign vehicle quota to public servants		
4.11	Need assessment and stakeholder consultation deemed necessary		

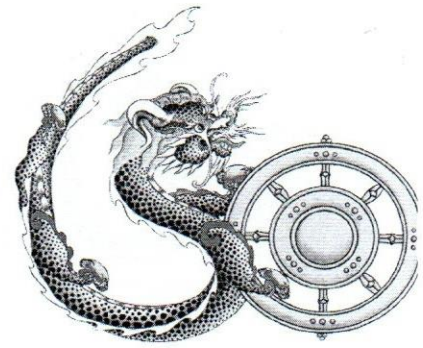
(s/d)

Hon'ble Secretary
MoF

Annexures



དངུལ་ཚིག་ལྷན་ཁག།
ROYAL GOVERNMENT OF BHUTAN
MINISTRY OF FINANCE
TASHICHHO DZONG



MoF/DoS/20/2018-19/1355
March 14, 2019

✓ The Deputy Auditor General
Department of Performance and Commercial Audits
Royal Audit Authority.

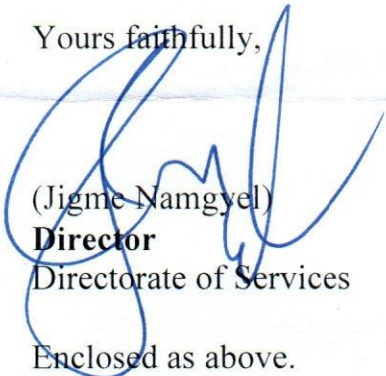
Subject: **Draft Report on "Review of Government Vehicles and Foreign Vehicle Quota System".**

Sir,

Enclosed herewith please find comment of the Ministry of Finance on the Draft Report on *Review of Government Vehicles and Foreign Vehicle Quota System*".

This has reference to the letter No. RAA/PSAD/2018-19/258 dated 31st January 2019.

Yours faithfully,


(Jigme Namgyel)
Director
Directorate of Services

PSAD

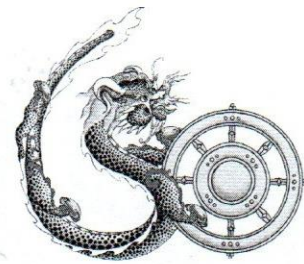
Enclosed as above.

Royal Audit Authority
Thimphu : Bhutan
Dairy No... 62102
Date... 5/3/2019

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དངུལ་རྩིས་ལྷན་ཁག།

ROYAL GOVERNMENT OF BHUTAN
MINISTRY OF FINANCE
TASHICHHO DZONG



MoF Comments on Draft Review Report on Government Vehicles and Foreign Vehicle Quota 2019

I. General comment:

Sl. No. 2.7.2 Unauthorized use of pool vehicle (Page 27)

As per the annexure II of the report, two pool vehicles of the ministry are listed as backup car (Sl.no. 2 & 3). However, the MoF would like to submit that both the vehicles are Toyota hilux and used as pool vehicles, catering to the needs of all the departments/divisions of MoF. Records of the its usage is available for verification.

Therefore, kindly exclude above two vehicles from the list.

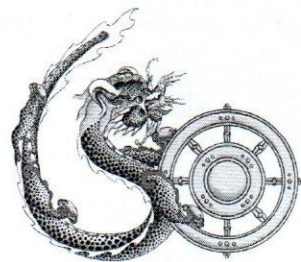
II. Comment on recommendation.

Sl. No	RAA's Recommendation	MoF comments
	<i>A: <u>Recommendation related to Government Vehicle</u></i>	
4.1	The Government should review and adopt strategy on the management of government vehicles.	As stated in the report, MoF shall seek government directives on policy paper "Strategies for Managing Government Vehicles", December 2016.
4.2	Develop clarity on the legislation governing the designated vehicles, the eligibility and scope of such vehicles.	The issue is included in the ToR of the 4 th Pay Commission. MoF shall be guided by the government directives.
4.3	The MoF should review and update extant rules and regulation governing vehicles.	Rules and Regulation shall be reviewed as per government directives.
4.4	The MoF should examine the fleet position.	This will be addressed in the strategy paper. (stated in the sl. No. 4.1)
4.5	Controls over the usage, consumption of fuel and maintenance of government vehicles should be strengthened.	Use of e-receipt shall be made mandatory for fuel recoupment.
4.6	The MoF shall review the standardization and allotment of government vehicle	Based on the government directives, MoF has already implemented while providing new vehicle. This will be further reviewed as per the recommendation of 4 th Pay Commission.



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ROYAL GOVERNMENT OF BHUTAN
MINISTRY OF FINANCE
TASHICHHO DZONG



4.7	The MoF should maintain reliable database.	The Department of National Properties, MoF has recently completed the development of a new system known as "Asset Inventory Management System" (AIMS). Once it is rolled out, it can provide to all the government agencies, the existing problem will be resolved.
4.8	MoF should strengthen coordination and monitoring mechanism.	The MoF shall coordinate with other relevant agencies to enhance monitoring systems.
<i>B: Recommendation related to Foreign Vehicle Quota System</i>		
4.9	Clarity in legislation and policy framework to govern and monitor the vehicle quota system.	The vehicle quota entitlement is also included in the ToR of the 4 th Pay Commission. Based on the recommendation of the 4 th Pay Commission, rules regarding vehicle quota shall be revised.
4.10	Government should revisit the objective of allotting a foreign vehicle quota to public servants.	
4.11	Need assessment and stakeholder consultation deemed necessary.	



ཀླུ་ཡོངས་གཞུང་ཆས་ལས་ཁུངས།
 DEPARTMENT OF NATIONAL PROPERTIES
 དྲུལ་རྩིས་རྒྱུ་ཁག།
 MINISTRY OF FINANCE



FM/DNP/ESD-17/2018-19/

19/03/2019

The Deputy Auditor General
 Department of Performance & Commercial Audits
 Royal Audit Authority
 Thimphu.

Sub:- Deletion of my name from Draft Review Report on Government Vehicle and Foreign Vehicle Quota.

Sir,

The Draft Review Report on Government vehicle and foreign quota issued on January 2019, under which my name has been reflected under the officials with designated pool vehicle not covered by any governing Acts, Rules and Guidelines list under Appendix- I under Sl. No. 133. As per the record indicated, it is being appeared as if I have misused the government pool vehicle.

Therefore, I would like to clarify your good office that, I have been designated as MTO of the department in addition to my daily works. The vehicle is being used as pool vehicle for DNP staff, VVIP and other genuine Departmental works. The actual facts may be ascertained from Mr. Tshering, driver of the cited pool vehicle.

Therefore, I would request your good office to kindly delete my name from the list in the Final Review Report on Government vehicle and foreign quota.

Your kind action on the matter is highly solicited.

Yours faithfully

(Tempa Gyeltshen)
 MTO



ས་གནས་གཞི་རྒྱུ་ལས་ཁུངས་

ནང་གི་དང་ཕྱོད་འཛིན་ལྷན་ཁག་ དཔལ་ལྷན་འབྲུག་གཞི་

Department of Local Governance

Ministry of Home and Cultural Affairs, Royal Government of Bhutan

JA/CCD-03/ 3672

March 21, 2019

Deputy Auditor General
Department of Performance and Commercial Audits
Royal Audit Authority
Thimphu

Subject: Justification on Gewog Utility Vehicles

Sir,

The Department of Local Governance is pleased to submit justification on the lapses observed by the Royal Audit Authority regarding the utilization of Gewog utility of vehicles by various Gewog Administrations. On the part of the department we have circulated the guidelines provided by the Ministry of Finance on the usage Gewog utility vehicles. The Department has been strongly insisting our Gewog Administrations to strictly adhere to the guidelines.

The Department recently completed Gewog Administrative Officers' coordination meeting and discussed several issues amongst which Gewog Utility vehicle is one of them. We shall try take up with relevant authority.

Reproduced below is the guidelines provided by the Ministry of Finance which clearly outlines the intent and rationale for providing the Gewog Utility Vehicles for you kind information.

Thanking you for your kind support.

Yours sincerely

(Kado Zangpo)

Officiating Director General

PABX: 338981/334512. Fax: 338983. Email: dlg@mohea.gov.bt

Director General: 338986. Local Governance Development Division: 338988/338987. Capacity and Coordination Division: 335575/335574



ས་གནས་གཞུང་སྐྱོང་ལས་ཁུངས།

ནང་སྤྱི་དང་སྤྱི་ལ་འཛིན་ལྷན་ཁག་ དཔལ་ལྷན་འབྲུག་གཞུང་།

Department of Local Governance

Ministry of Home and Cultural Affairs, Royal Government of Bhutan

I. Introduction:

The Government, recognizing the importance of empowering local Government through enhancing mobility for execution and timely monitoring of development activities has decided to provide a utility vehicle each to all the Gewogs.

II. Objectives:

To enhance mobility for efficient and effective implementation and monitoring of Gewogs' socio-economic development activities.

III. Scope for Utilization of the Vehicle:

The vehicle shall be used for the following purposes:

- transportation of official purchases and stores,
- official tours within and outside Gewogs;
- Emergencies and disasters.

The vehicle shall not be used:

- as dedicated vehicle of Gup or any Gewog officials; and
- for private or personal purposes;

IV. Movement and administrative procedures:

The following administrative procedures shall be complied with for movement of vehicle:

- The Gup shall be the controlling officer and designate one of the Gewog officials as Motor Transport Officer (MTO);
- Movement of the vehicle shall be based on the movement order duly signed by the Gup;
- Gewog shall maintain *fuel book, vehicle movement order book, log book, and vehicle history book* as prescribed by the Government;
- The vehicle log book shall be strictly maintained by the driver and verified by the MTO on a daily basis;

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Director General: 338986, Local Governance Development Division: 338988/338987, Capacity and Coordination Division: 335575/335574



ས་གནས་གཞུང་སྐོང་ལས་ཁུངས།

ནང་གི་དང་སྐོང་འཛིན་ལྷན་ཁག་ དཔལ་ལྷན་འབྲུག་གཞུང་།

Department of Local Governance

Ministry of Home and Cultural Affairs, Royal Government of Bhutan

- e. Vehicle history book and log book should be strictly verified by the MTO and Gewog Accountant before making any payment;
- f. The vehicle shall be parked in the Gewog office premises.

V. Annual running and maintenance budget:

- a. A lumpsum amount of Nu.60,000/- shall be provided;
- b. Registration, renewal, third party insurance, etc. shall be met from the lumpsum amount.

The above guidelines will be reviewed and revised in consultation with the relevant stakeholders from time to time.

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Director General: 338986. Local Governance Development Division: 338988/338987. Capacity and Coordination Division: 335575/335574



AIN: 15836

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