

PART-I SUMMARY OF REVIEW REPORT OF AAR2017

The Royal Audit Authority had submitted the Annual Audit Report 2017 to the 11th Session of the Second Parliament in June 2018. The Review Report had total significant unresolved irregularities of Nu.4,309.765 million consisting of Nu.238.484 million against budgetary agencies; Nu.168.629million against Non-Budgetary Agencies and Nu.3,974.652millions against Hydro Power Projects as of June 2018.

The RAA had conducted numerous follow-ups at various levels in line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018 and subsequently, irregularities amounting to Nu.29.057 million (12.184%)for Budgetary Agencies, Nu.14.046 million (8.330%) for Non-budgetary Agencies and Nu.23.141 (0.582 %)for Hydro Power Projects were resolved as on 30/09/2018 as shown in Table below.

TABLE showing agency wise irregularitie resolved and balances as on30/09/2018

Sl. No.	Agencies	Unresolved irregularities reported in June 2018 (Nu.in Million)	Irregularities resolved as on 30/09/2018 (Nu.in Million)	Balance irregularities as on 30/09/2018 (Nu.in Million)	Percentage of irregularities resolved as on 30/09/2018
1	Ministries	115.212	14.312	100.900	12.422
2	Dzongkhags	38.137	2.606	35.531	6.833
3	Gewogs	12.382	1.483	10.899	11.977
4	Autonomous Agencies	72.753	10.656	62.097	14.647
Total Budgetary		238.484	29.057	209.427	12.184
5	Corporations	148.096	13.633	134.463	9.206
6	Non Governmental Organizations	20.533	0.413	20.120	2.011
Total Non-		168.629	14.046	154.583	8.330
7	Hydropower Projects	3,974.652	23.141	3,951.511	0.582
Total Hydropower		3,974.652	23.141	3,951.511	0.582
Grand Total		4,381.765	66.244	4,315.521	1.512

As transpired from table above, out of the total unresolved irregularities of Nu.4,381.765million remaining unresolved as of June 2018, irregularities amounting toNu.66.244 million (1.51%)were resolved leaving a balance of Nu.4,315.521 (98.49%)million as on 30/09/2018.

DETAILED AUDIT FINDINGS

1.1.1. MINISTRIES

1.1.1.1. MINISTRY OF WORKS AND HUMAN SETTLEMENT

Out of the total unresolved irregularities of Nu.46.611 million reported to the Parliament in June 2018, the Ministry of Works and Human Settlement had resolved irregularities of Nu.5.410 leaving a balance of Nu.41.201 million as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Violation of laws and rules	1.596	0.360	1.236	22.56
2	Shortfalls, lapses and deficiencies	45.015	5.050	39.965	11.22
	Total	46.611	5.410	41.201	

The detailed status of unresolved irregularities reported to the Parliament in June 2018; irregularities resolved thereafter and unresolved as on 30/09/2018 are as discussed below:

1. Violation of laws and rules - Nu.1.236 million

There were cases of violation of laws and rules involving Nu.1.236 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
1.1	Non-settlement of closed work account even after four financial years	1.236	-	1.236
1.2	Wrong Booking of Capital Expenditure as Current Expenditure	-	-	-
1.3	Non-reduction in cost of Chamber upon reduction in its size for future payment	-	-	-
1.4	Non-rectification of defective works	-	-	-
1.5	Booking of expenditure without actual execution of work	-	-	-
1.6	Booking of expenditure against approach road to Lakhu	-	-	-
1.7	Non-fixing of Air Conditioner	0.360	0.360	-
1.8	Mismatch of key personnel committed in contract with that of actual deployment for supervision consultancy services for Integrated	-	-	Settled

	Check Post (ICP) at Rinchending, Chukha			
	Total	1.596	0.360	1.236

The cases of violation of laws and rules are as indicated below:

1.1. NON-SETTLEMENT OF CLOSED WORK ACCOUNT EVEN AFTER FOUR FINANCIAL YEARS - NU.1.236 MILLION

The Regional Office, DoR, Sarpang had not settled closed work account with a credit balance of Nu.1.236 million. The closed work booked in the financial year 2010-2011 remained unpaid even after lapse of four financial years. The management reported it as a system error while transferring from BAS to PEMS in 2010-2011. *AIN: 14948; Para: 1; Accountabilities: Direct: Dhan Bdr. Rai, Accountant, EID No. 8712041; Supervisory: Chet Bdr. Monger, Chief Engineer, EID No. 8908094*

Status: Para remained unresolved.

1.2. WRONG BOOKING OF CAPITAL EXPENDITURE AS CURRENT EXPENDITURE

The Regional Office, DoR, Phuentsholing had wrongly booked capital expenditure of Nu.0.074 million incurred on 'Resurfacing work on Rinchending-Pasakha Highway' under the Current Expenditure head of TA/DA payments, which was in violation to the FRR 2001. The lapses had occurred apparently due to failure on part of the verifying and supervising officials in exercising necessary checks to ensure correct booking of expenditure under appropriate heads. *AIN: 14390; Para: 1.1; Accountabilities: Direct: Sonam Tshewang, Account Assist-I, EID No. 9110023; Supervisory: Dorji Wangdi, Chief Engineer, EID No. 8601100*

Status: Para remained unresolved.

1.3. NON-REDUCTION IN COST OF CHAMBER UPON REDUCTION IN ITS SIZE FOR FUTURE PAYMENT

The Department of Engineering Services implemented World Bank Project (Additional Financing) had not reduced the cost for constructing/installing telecommunication chambers and networks, although Bhutan Telecom had revised and reduced dimensions and specifications of chambers from initial drawings of 1.8x1.8x1.5m to 1.5x1.5x1.325m. In addition, there were no approval accorded for the revised drawing that led to the reduction in scope of work. *AIN: 14876; Para: 2; Accountabilities: Direct: Ashok Sunar, Executive Engineer, EID No. 200601106 and Thinley Penjor Engineer, EID No. 201001177; Supervisory: Pekar Rabgay, Project Manager, PIU, EID No. 9009029*

Status: Para remained unresolved. Reminder was sent vide letter No.RAA/FUCD(E1)MoWHS-Sect/2018/2559 dated 04/09/2018 for update.

1.4. NON-RECTIFICATION OF DEFECTIVE WORKS

- a) The Regional Office, DoR, Lobeysa had not directed the contractor to rectify defective works noted in the Resurfacing/Black Topping of the **Tongshana** Road (5.26 km) at Punakha caused by the premature failure of Bitumen Sealing works. This was due to immediate execution of pavement works before allowing the required setting time for bitumen coating. *AIN: 14779; Para: 3; Accountabilities: Direct: Ugen Dorji, Executive Engineer, EID No. 9207049; Supervisory: Garja Man Rai, Chief Engineer, EID No. 8212026*

Status: Para remained unresolved.

- b) The Regional Office, DoR, Lobeysa had not directed the contractor to rectify defective works noted in the construction of approach road to Waste Disposal area and Zabsa Goenpa under Gasa Dzongkhag. 53 meters of L-Drains between Zameychu and Gasa SNH (2.15 km) were completely covered with mud and debris at the take off point and the falling boulders damaged another 30 meters. *AIN: 14779; Para: 4; Accountabilities: Direct: Ugen Dorji, Executive Engineer, EID No. 9207049; Supervisory: Garja Man Rai, Chief Engineer, EID No. 8212026*

Status: Para remained unresolved.

- c) The Regional Office, DoR, Lobeysa had not directed the contractor to rectify defective works noted in the laying of Wet Mix Macadam and Asphalt Concrete along Punakha-Gasa Secondary National Highway. *AIN: 14779; Para: 5; Accountabilities: Direct: Ugen Dorji, Executive Engineer, EID No. 9207049; Supervisory: Garja Man Rai, Chief Engineer, EID No. 8212026*

Status: Para remained unresolved.

- d) The Regional Office, DoR, Samdrupjongkhar had not rectified defective works noted in the resurfacing work on Dewathang-Phuntshothang Secondary National Highway (SNH). Defects such as cracks on the newly blacktopped road surface and peeling off of bituminous surface exposing the Wet Mix Macadam in some of the areas had occurred due to heavy traffic that arose with the establishment of coal mines in Phuntshothang. In addition, although the Dewathang-Phuntshothang Connectivity road falls under the SNH, the Regional Office, DoR had failed to take into consideration the volume of traffic while developing the bitumen specification (thickness). *AIN: 14961; Para: 9; Accountabilities: Direct: Nim Dorji, JE, Regional Office, EID No. 200507197; Supervisory: Karma, AE, EID No. 9607011*

Status: Para was resolved based on justification furnished vide letter No. DoR/ROSJ/2017-2018/CD-05/809 of 12/04/18.

e) The Regional Office, DoR, Lobeyasa had not directed the contractor to rectify defects noted in the resurfacing/Blacktopping of Punakha-Gasa Secondary National Highway (SNH) between chainage 21km-35km. The defective works requiring rectifications was pointed out during previous audit as well, but were not carried out at the time of audit in September 2017. *AIN: 14978; Para: 3; Accountabilities: Direct: Karma Phuntsho, Junior Engineer, EID No. 20140704534; Supervisory: Ugyen Regional Office, Dorji, Assistant Engineer-I, EID No. 9207049*

Status:Para remained unresolved.

f) The Regional Office, DoR, Trongsa had not directed the contractor to rectify defective works noted in the construction of resurfacing works of Katigang to Khosala on Trongsa-Gelephu Primary National Highway. The premix carpeting of bitumen on the road surface in most of the stretches were found defective and not rectified. The defects had developed due to construction of poor drainage system that caused water to stagnate on the road with resultant deterioration of the strength of bitumen and further damages caused by vehicles plying on the road. In addition, the road lacked monsoon mitigation works for slide prone areas. *AIN: 14970; Para: 4.2; Accountabilities: Direct: Sonam Dorji, Assistant Engineer-IV, EID No.9301054; Supervisory: Phuntsho, Assistant Engineer-II, EID No. 2007704*

Status: Para was resolved as the defective works were rectified.

1.5. BOOKING OF EXPENDITURE WITHOUT ACTUAL EXECUTION OF WORK

The Regional Office, DoR, Lobeyasa had booked an expenditure of Nu.0.984 million without execution of works in the construction of roads at **Tongshana**, Punakha during FY 2016-17. The management had passed journal vouchers for adjustment of bills for Bitumen procured for the blacktopping of Tongshana Road which had been completed in the FY 2015-2016.

It was later stated that the expenditure was in fact for procurement of bitumen to be used for rectification of defective works noted during the last audit, after monsoon season was over. However, there was no bitumen at site indicating that the adjustments were made merely to avoid lapse of budget. *AIN: 14978; Para: 4.1; Accountabilities: Direct: Karma Phuntsho, Junior Engineer, EID No. 20140704534; Supervisory: Ugyen Dorji, Assistant Engineer-I, EID No. 9207049*

Status:Para remained unresolved.

1.6. BOOKING OF EXPENDITURE AGAINST APPROACH ROAD TO LAKHU

The Regional Office, DoR, Lobeyasa had booked an expenditure of Nu.1.050 million in June 2017 towards the cost of Bitumen and Emulsion for the black-topping works in the construction of approach road at Lakhu. The materials were not received from Central Stores in Phuentsholing even at the time of audit in September 2017 and it was later revealed that the expenditure was booked to avoid lapse of fund. *AIN: 14978; Para: 6;*

Accountabilities: Direct: Karma Phuntsho, Junior Engineer, EID No. 20140704534; Supervisory: Ugyen Dorji, Assistant Engineer-I, EID No. 9207049

Status: *Para remained unresolved.*

1.7. NON-FIXING OF AIR CONDITIONER

The Regional Office, DoR, Phuentsholing had made payments of Nu.0.360 million to the contractor for ‘Providing & fixing of window type Air Conditioner and drawing TV cable line’ in the construction of Sub-Division Office at Samtse. However, the air conditioning equipment had not been installed and were found lying idle at the office. The lapse had occurred due to lack of supervision and monitoring of work and certifying the contractor's claims without proper verification. *AIN: 15018; Para: 5.1.3; Accountabilities: Direct: Ugyen Tenzin, Assistant Engineer-III, EID No. 200607204; Supervisory: T.B. Powdel, Executive Engineer, EID No. 9412010*

Status: *Para was resolved as the management had installed the ACs and verified by the subsequent audit team.*

1.8. MISMATCH OF KEY PERSONNEL COMMITTED IN CONTRACT WITH THAT OF ACTUAL DEPLOYMENT FOR SUPERVISION CONSULTANCY SERVICES

The Department of Engineering Services had violated the provisions of the contract in accepting replacement of key personnel for supervision consultancy services in the construction of Integrated Check Post (ICP) at Rinchending, Chhukha. As per the provisions of the contract “The Project Manager shall approve any proposed replacement of key personnel only if their relevant qualifications and abilities are substantially equal to or better than those of the personnel listed in the Schedule”.

However, the Department had accepted two lesser qualified engineers in place of the committed Supervision Construction Engineer with 17 years of experience vide letter No.MoWHS/DES/ESD/STR-07(02)/2016-2017/1037 dated 21st September 2016. *AIN: 14797; Para: 4; Accountabilities: Direct: Dechen Norbu, Executive Engineer, EID No. 200601096; Supervisory: Tenzin, Director, DES, EID No. 9801115*

Status: *Para was resolved based on the justification and supporting documents furnished vide letter No.MoWHS/DES/ESD-12/2017-2018/3827 dated 31/05/2018.*

2. Shortfalls, lapses and deficiencies - Nu.39.965 million

There were cases of shortfalls, lapses and deficiencies involving Nu.39.965 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)

				million)
2.1	Non-employment of TTI graduates and interns in the construction company and recoverable penalty	0.926	0.926	-
2.2	Excess Payment	0.129	0.129	-
2.3	Award of contract without obtaining environment clearance from National Environment commission	-	-	-
2.4	Non-renewal of Environment clearance	-	-	-
2.5	Outstanding advances	43.960	3.995	39.965
	Total	45.015	5.086	39.965

The cases of shortfalls, lapses and deficiencies are as indicated below:

2.1. NON-EMPLOYMENT OF TTI GRADUATES AND INTERNS IN THE CONSTRUCTION COMPANY AND RECOVERABLE PENALTY

The Regional Office, DoR, Trongsa had not levied penalties amounting to Nu.0.926 million on contractors for breach of contract, by not engaging TTI/VTI graduates in the construction works as committed during tendering and award of contract work. The PRR allows awarding of preference score to contractors for the number of VTI graduates employed and committed to be engaged for internship. During the year 2016-2017, the Regional Office had evaluated and awarded to various contractors who committed to recruit TTI/VTI graduates and interns during tendering.

However, contractors had failed to engage said graduates and interns at the time of execution of works and were liable to pay penalties for the following works:

- Black Topping works on Tang GC Road - Nu.0.085 million;
- Black Topping works on Nubji-Korphu GC road - Nu.0.247 million;
- Black Topping on Bjezam-Bemji GC Road – Nu.0.203 million;
- Construction of Dangdung Bridge at Rafee-Khosala Bypass road – Nu.0.243 million; and
- Construction of Chulekha Bridge at Nabji-Korphoog GC road – Nu.0.149 million.

The lapses had occurred due to non-compliance to the special conditions of the contracts. *AIN: 14970; Para: 8; Accountabilities: Direct: Sonam Dorji, Assistant Engineer-IV, EID No.9301054; Tashi Dorji, Assistant Engineer-III, EID No.2107149; Sonam Choki, Junior Engineer, EID No.20140704531; Supervisory Accountability : Sangay Dorji, Executive Engineer, EID No.9307024; Phuntsho, Assistant Engineer-II, EID No.2007704; Tashi Dorji, Assistant Engineer-III, EID No.2107149*

Status: Para was resolved based on the justifications submitted vide letter No.RO/DoR/2018/Accts-07/241 dated 11/09/18.

I. EXCESS PAYMENT TO CONTRACTOR

The Regional Office, DoR, Trongsa had made excess payments of Nu.0.129 million to the contractor in the resurfacing works of Katigang to Khosala on Trongsa-Gelephu Primary National Highway due to differences in the quantities of works claimed as against the actual works executed at site. *AIN: 14970; Para: 4.1; Accountabilities: Direct: Sonam*

Dorji, Assistant Engineer-IV, EID No.9301054; Supervisory: Phuntsho, Assistant Engineer-II, EID No. 2007704

Status:Para was resolved based on the joint verification done by DoR Trongsa Site Engineer and Accountant with Auditors and verification report submitted to the RAA vide letter No. RO/DoR/2018/accts-07/241 dated 11/09/18.

2.2. AWARD OF CONTRACT WITHOUT OBTAINING ENVIRONMENT CLEARANCE FROM NECS

The Regional Office, DoR, Trongsa had not obtained Environmental Clearance from the National Environment Commission Secretariat for the improvement work on Serpang-Ura PNH (chainage 205-247) road widening works awarded at Nu.12.300 million against the estimated amount of Nu.21.136 million. *AIN: 14970; Para: 6; Accountabilities: Direct: Khamba Dorji, Engineer, EID No. 9207044; Supervisory: Tougay Choedup, Chief Engineer, EID No. 9107099*

Status:Para remained unresolved.

2.3. NON-RENEWAL OF ENVIRONMENTAL CLEARANCE

The Regional Office, DoR, Trongsa had not renewed the expired Environmental Clearance for the construction of Refee-Khosala bypass Road (0.00-6.00 Km). As per the Environmental Assessment Act of Bhutan 2000, an Environment Clearance for a project was required to be reviewed, revised and renewed at least once in five years, unless a shorter period was stated. *AIN: 14970; Para: 7; Accountabilities: Direct: Roshan Giri, Site Engineer, EID No. 200901089; Supervisory: Phuntsho, Assistant Engineer-II, EID No. 2007704*

Status:Para remained unresolved.

2.4. OUTSTANDING ADVANCES - NU.43.960 MILLION

- a) The Regional Office, DoR, Tingtibi had overdue advances amounting to Nu.34.547 million against parties. Public Works Advances amounting to Nu.24.167 million were released from the Letter of Credit account for procurement of Bitumen. Nu.10.380 million were released from Project Letter of Credit account as Secured advances, Mobilization advance, etc. related to court cases. *AIN: 14966; Para: 2.1 and 2.2; Accountabilities: Direct: Tenzin Wangchu, Accountant, EID No. 9404031; Thinley Namgyel, Accountant, EID No. 9604090; Supervisory: Karma Dorji, Chief Engineer, EID No. 9107122*

Status:Para remained unresolved.

- b) The Department of Engineering Services had overdue advances amounting to Nu.5.253 million against officials. Public Works Advances of Nu.1.164 million were given for 'Kalikhola River Protection Works', and Nu.4.089 million for 'Bomdeling Flood Protection works' during the financial year 2016-2017. The accumulation of huge outstanding advances had occurred due to lack of proper follow-up mechanism over the releases of funds and progress of works as well as submission of adjustment accounts. *AIN: 14797; Para: 1; Accountabilities: Direct: Prakash Gurung, Assistant Engineer-III, EID No.200508202; Nima Wangdi, Engineer, EID No.20150105088; Supervisory: Phub Rinzin, Chief Engineer (Director) EID No. 9207069; Pema, Executive Secretary, EID No. 9801096; Tashi Gyeltshen, Drungpa, EID No. 9208036; Tshering Wangchuk, Dzongkhag Engineer, EID 9307023*

Status: Para remained unresolved. Reminder sent vide letter No.RAA/FUCD(E1)MoWHS-Sect/2018/2559 dated 04/09/2018 for update.

- c) The Regional Office, DoR, Trongsa had overdue Public Works Advances amounting to Nu.4.160 million against parties paid during FY 2015-2016 and 2016-2017. *AIN: 14970; Para: 5; Accountabilities: Direct: Tsheten Wangchuk, Account Assistant-IV, EID No. 9404043; Supervisory: Tougay Choedup, Chief Engineer, EID No.9107099*

Status: Partially resolved Out of Nu.4.160 million; Nu.3.995 million was settled leaving a balance of Nu.0.165 million.

1.1.1.2. MINISTRY OF HEALTH

Out of the total unresolved irregularities of Nu.31.335 million reported to the Parliament in June 2018, the Ministry of Health had resolved irregularities of Nu.4.827 million leaving a balance of Nu.26.508 million as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Mismanagement	2.170	2.170	-	100
2	Violation of laws and rules	18.769	1.388	17.381	7.40
3	Shortfalls, lapses and deficiencies	10.396	1.269	9.127	12.21
	Total	31.335	4.827	26.508	

The detailed status of irregularities reported to the Parliament in June 2018 and irregularities remaining unresolved as on 30/09/2018 are as discussed below:

1. Mismanagement

The case of mismanagement is as indicated below:

1.1. AVOIDABLE EXPENDITURE DUE TO IMPROPER PLANNING WITH RESULTANT WASTAGE OF GOVERNMENT RESOURCES - NU.2.170 MILLION

The Department of Medical Supplies and Health Infrastructure had incurred an avoidable expenditure of Nu.2.170 million in the construction of approach road to old Dewathang Hospital due to improper planning with resultant wastage of huge resources in the GOI funded project 'Construction of 40 bedded Dzongkhag Hospital, Dewathang'. The approach road was constructed at a cost of Nu.2.673 million to connect Out Patient Department and Operation Theater (OT) taking into consideration the smooth and safe transport of serious patients from the ward to OT as well as safety and hygiene of the patients visiting the Hospital.

However, road valuing Nu.0.503 million only were found at site, with rest of road valuing Nu.2.170 million demolished to create space for the Construction of new 40 bedded Dewathang Hospital. The construction of an approach road despite having knowledge of upcoming new hospital at the same location were indicative of lack of proper planning which led to wastage of public resources. *AIN: 14998; Para: 1; Accountabilities: Direct: Dorji Rabten, Project Manager, EID No.2107156; Gyembo, Civil Engineer, EID No. 20130101174; Supervisory: Kuenzang Namgyel, Chief Engineer, EID No. 200301027*

Status: Para was resolved based on the decision of the 51st Follow up Committee Meeting held on 17/08/2018 as additional justification along with pictorial evidences were submitted.

2. Violation of Laws & Rules - Nu.17.381 million

There were cases of violations of laws and rules involving Nu.17.381 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
2.1	Refund of LD for Samtse Hospital construction project from another PLC fund	10.640	-	10.640
2.2	Inappropriate booking of expenditure	5.894	-	5.894
2.3	Procurement of extension kits through Limited Tender	1.353	1.353	-
2.4	Non-levy of liquidated damages (LD) against incomplete medical supplies	0.882	0.035	0.848
2.5	Medical supplies accepted without undergoing proper Quality Inspection (QI) procedures	-	-	Settled
Total		18.769	1.388	17.381

The cases of violations of laws and rules are as indicated below:

2.1. REFUND OF LIQUIDATED DAMAGE FOR SAMTSE HOSPITAL CONSTRUCTION PROJECT FROM ANOTHER PLC FUND - NU.10.640 MILLION

The Department of Medical Supplies and Health Infrastructure had made refund of Nu.10.640 million to M/s Gongphel Construction vide Voucher No. 6.22 on 1st June 2017 on account of 'refund of liquidated damages imposed for 92 days delay in construction of 40 bedded Samtse Hospital' (PLC account No. 208.01/2022). The refund was made as per the Arbitral Award (*CaseReference No: CAFC/2016-17/03* of the Arbitral Tribunal) and was paid from the GOI funded project 'Construction of 40-bedded Dzongkhag Hospital, Dewathang'; *Tsirang Hospital; and MCH building at JDWNRH* (PLC account No.208.01/2024).

Use of project fund for other projects was not appropriate as it would impede the work progress of the project. Instead, the refund should have been made from specific project fund or by obtaining corresponding release from the government if the same was deposited to RGR Account.*AIN: 14998; Para: 3; Accountabilities: Direct: Ugyen Tenzin, Project Manager, EIN No. 9507022; Sonam Jamtsho, Former Director, EID No.9306020; Supervisory: Tsheten Dorji, Offtg. Chief Engineer, EID No. 9407002*

Status:Para remained unresolved.A letter was written to GNHC for the recoupment of fund through RGoB and the response is awaited.

2.2. INAPPROPRIATE BOOKING OF EXPENDITURE - NU.5.894 MILLION

The Department of Medical Supplies and Health Infrastructure had made inappropriate booking of expenditure of Nu.5.894 million in the GOI funded project 'Construction of 40-bedded Dzongkhag Hospital, Dewathang'. Scrutiny of documents revealed that Nu.0.574 million was paid to M/s Mowongpa Water Solutions on 1st June 2016 as "Final payment for supply and installation of firefighting system in the New PHL building at Serbithang", and Nu.5.320 million (from the total of Nu. 10.640 million) was paid to M/s Gongphel Construction on 6th January, 2017 as "Refund of liquidated damages as per the resolution of the arbitration case for the construction of 40 bedded Samtse Hospital", both were booked from the budget for 'Construction of 40 bedded Dzongkhag Hospital, Dewathang' (FIC 2958).

Since all projects have individual finance codes, the booking of expenditures of other projects under FIC 2958 'Construction of 40-bedded Dzongkhag Hospital, Dewathang' was inappropriate and had inflated the expenditure of the project. The concerned accountant and the supervising officials had failed to exercise necessary checks to ensure the correct reporting of expenditure under respective hospital constructions.*AIN: 14998; Para: 2; Accountabilities: Direct: Dorji Rabten, Project Manager, EID No.2107156; Supervisory: Kuenzang Namgyel, Chief Engineer, EID No. 200301027*

Status:Para remained unresolved. The request for recoupment was submitted to GNHC and the GNHC instructed the Ministry of Health to process with the RGoB.

2.3. PROCUREMENT OF EXTENSION KITS THROUGH LIMITED TENDER

The Ministry of Health implemented 'Global Fund to fight AIDS, Tuberculosis and Malaria Program' (for Tuberculosis) project had awarded the contract for procuring Village Health Worker (VHW) extension kits worth Nu.1.353 million through 'Limited Tender' in violation to the Procurement Rules and Regulations (PRR) 2009. As per the PRR 2009, the procurement of Goods & Consultancy Services above Nu.0.300 million require 'Open Tender/Bidding'. The deviation from the prescribed threshold limit had restricted wider participation from potential bidders and hence, not obtained competitive prices. *AIN: 14838; Para: 1; Accountabilities: Direct: Nim Dem, Health Assistant, DoPH, EID No. 200707211; Supervisory: Mindu Dorji, Offtg. CPO, NCDD, EID No. 8204036*

Status: Parawas resolved as the accountable officials were repriminded for their lapses and the assurance of the Ministry to take legal action for reoccurrence of such lapses in future.

2.4. NON-LEVY OF LIQUIDATED DAMAGES AGAINST INCOMPLETE MEDICAL SUPPLIES - NU.0.848 MILLION

The Department of Medical Supplies and Health Infrastructure had not levied liquidated damages amounting to Nu.0.882 million for the medical supplies worth Nu.12.962 million that was not supplied. The LD was not levied apparently due to non-renewal of performance guarantee and lack of adequate co-ordination amongst relevant Divisions and Units of the DMSHI. *AIN: 14945; Para: 1; Accountabilities: Direct: Tshering Chenzom, PO, EID No. 200705051; Yangle Dorji, APO, EID No. 200607051; Thinley Dema, APO, EID No.2012050353; Tshewang Jamtsho, PO, EID No. 200605041; Jangchup Peljor, Pharmacist, EID No. 20140103198; Pema Wangchuk, Pharmacist, EID No. 9003051; Supervisory: Rudra Mani Dhimal, CPO, EID No. 2001022*

Status: Partially resolved. A sum of Nu.0.035 million was received and deposited into ARA leaving the balance amount of Nu.0.848 million.

2.5. MEDICAL SUPPLIES ACCEPTED WITHOUT UNDERGOING PROPER QUALITY INSPECTION PROCEDURES

The DMSHI had procured 14 patient monitors worth Nu.1.540 million (Nu.0.110 million per unit) out of which six monitors worth Nu.0.660 million were supplied without complete accessories like power cable and temperature probe. As a result, six patient monitors had remained idle. The lapses had occurred apparently due to inspection of the equipment on sample basis by the Quality Inspection Team of Health Care & Diagnostic Division. *AIN: 14945; Para: 2; Accountabilities: Direct: Thinley Norbu, OT Technologist, EID No. 2107060; Supervisory: Devi Bhakta Acharya, CPO, EID No. 2101174*

Status: Para was resolved as acknowledgement receipts were received from the respective health centers.

3. Shortfalls, lapses and deficiencies – Nu.9.127 million

There were cases of shortfalls, lapses and deficiencies involving Nu.9.127 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
3.1	Non-settlement of outstanding advances against BPCL	9.127	-	9.127
3.2	Obtaining of excess release of Refundable Deposit Releases than the actual payments to be made to the contractors/parties	0.538	0.538	-
3.3	Excess/double/inadmissible Payments	0.527	0.527	-
3.4	Excess refund of refundable deposits against shortage in refundable release obtained from DPA	0.204	0.204	-
3.5	Non-production of records of procurement	-	-	-
	Total	10.396	1.269	9.127

The cases of shortfalls, lapses and deficiencies are as indicated below:

3.1. NON-SETTLEMENT OF OUTSTANDING ADVANCES AGAINST BPCL - NU.9.127 MILLION

The Department of Medical Services and Health Infrastructure had outstanding Public Works Advances amounting to Nu.9.127 million released to the Bhutan Power Corporation Limited, Thimphu for the relocation of 2x1500 KVA and 1250 KVA substation. The PW Advances given from the GoI Funded Project 'Construction of Gyaltsuen Jetsuen Pema Mother and Child Hospital' had remained unadjusted for over 2 years at the time of audit in October 2017. *AIN: 15017; Para: 2; Accountabilities: Direct: Sonam Tshering, Engineer(E), EID No. 9910689U; Supervisory: Kunzang Namgyel, Chief Engineer, EID No. 200301027*

Status: Para remained unresolved. The DMSHI, MoH is following up with the BPC and it is reported that the work will be done as and when the site for installation is confirmed.

3.2. REFUNDABLE DEPOSIT RELEASES OBTAINED IN EXCESS OF ACTUAL PAYMENTS

The Department of Medical Supplies and Health Infrastructure implemented 'Construction of 40-bedded new Samtse Hospital' project funded by the GOI had received refundable releases amounting to Nu.5.979 million from the DPA, MoF of which the project had refunded total of Nu.5.441 million leaving a balance of Nu.0.538 million which was neither paid to contractor/suppliers nor deposited back into the refundable deposit account at the end of the financial year 2015-16.

The lapses had apparently occurred due to processing of excess release with DPA instead of requisitioning the refundable release based on the actual claims of the contractors/parties. *AIN: 14989; Para: 4.1; Accountabilities: Direct: Chandra Moni Panda, Accounts Asst. EID No. 200307139; Supervisory: Choening Pelden, DCAO, EID No. 9610067*

Status:Parawas resolved. The differential amount of Nu.333,597.00 (538,020-204,423) for excess release and underpayment was received from DPA and accordingly reconciled in the system.

3.3. EXCESS/ INADMISSIBLE PAYMENTS IN THE CONSTRUCTION OF 40-BEDDED NEW SAMTSE HOSPITAL

- a) The Department of Medical Supplies and Health Infrastructure implemented 'Construction of 40-bedded new Samtse Hospital' project funded by the GOI had made excess payments of Nu.0.395 million for civil works, road and landscaping works. The quantities of works claimed in the contractor's Bill and Measurement Book was higher than the actual quantity of works executed at site with resultant over payment to the contractor. The lapses had occurred apparently due to inadequate supervision and improper verification of contractor's bills and recording of measurements in the MB without cross verifying with the actual quantum of works executed at site by the Site Engineer. The Supervising Engineer had also failed to exercise necessary verification to ensure the admissibility of contractor's claims. *AIN: 14989; Para: 1.2; Accountabilities: Direct: Deki Yangzom, JE Civil, CID No. 11902001031; Supervisory: Ugyen Tenzin, Project Manager, EID No. 9507022+*

Status:Parawas resolved as the excess payment of Nu.527,208.28 (Nu.395,000+132,000) was recovered/deducted from the contractor's bill.

- b) The Department of Medical Supplies and Health Infrastructure implemented 'Construction of 40-bedded new Samtse Hospital' project funded by the GOI had made payments of Nu.0.132 million to contractor for the items of work 'providing and fixing electrical works, HVAC, Fire-Fighting and Medical gas items' not executed at site. The lapses had occurred apparently due to inadequate supervision and improper verification of contractor's bills and recording of measurements in the MB without cross verifying with the actual quantum of works executed at site by the Site Engineer. The Supervising Engineer had also failed to exercise necessary checks to ensure the admissibility of contractor's claims. *AIN: 14989; Para: 1.1; Accountabilities: Direct: Tshering Wangmo, JE Electrical, CID No. 11005003094; Supervisory: Dechen Dema, Dy. Executive Engineer, EID No. 200801061*

Status:Parawas resolved as the excess payment of Nu.527,208.28 (Nu.395,000+132,000) was recovered/deducted from the contractor's bill.

3.4. REFUNDABLE DEPOSITS PAID IN EXCESS OF ACTUAL RELEASES OBTAINED FROM DPA

The Department of Medical Supplies and Health Infrastructure had refunded Nu.3.975 million to contractors/suppliers against the refundable releases of Nu.3.771 million obtained from the DPA, MoF during the financial year 2016-17 in the GOI funded project 'Construction of 40-bedded new Samtse Hospital'. The balance amount of Nu.0.204 million were found met from normal budgetary releases. *AIN: 14989; Para: 4.3;*

Accountabilities: Direct: Chandra Moni Panda, Accounts Asst. EID No. 200307139; Supervisory: Choening Pelden, DCAO, EID No.9610067

Status:Para was resolved as the differential amount of Nu.333,597.00 (538,020-204,423) for excess release and underpayment was received from DPA and accordingly reconciled in the system.

3.5. NON-PRODUCTION OF RECORDS OF PROCUREMENT

The Ministry of Health had not produced procurement related records and documents such as tender documents; bidding documents; and tender evaluation reports, for the procurement of various drugs and medical supplies valuing Nu.7.049 million in the 'Global Fund to fight AIDS, Tuberculosis and Malaria Program' (for HIV/AIDS). The Project Management and JDWNRH Management neither produced relevant documents during audit, nor responded to the audit finding prior to finalization of the audit report and AAR 2017. Non-production of records is considered a lapse of serious nature. *AIN: 14839; Para: 4; Accountabilities: Direct: Ugyen Dorji, Pharmacist, JDWNRH, EID No. 200201121; Supervisory: Kezang Jigme, Head, Procurement Division, JDWNRH, EID No. 8604079*

Status:Para remained unresolved.No response or documents were furnished to audit verification as of September 2018.

1.1.1.3. MINISTRY OF FINANCE

Out of the total unresolved irregularities of Nu.27.450 million reported to the Parliament in June 2018, the Ministry of Finance had resolved irregularities of Nu.0.739million leaving a balance of Nu.26.711 million as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Mismanagement	26.765	0.580	26.185	2.17
2	Violation of laws and rules	0.496	-	0.496	0.00
3	Shortfalls, lapses and deficiencies	0.189	0.159	0.030	84.13
Total		27.450	0.739	26.711	

The detailed status of irregularities reported to the Parliament in June2018; irregularities resolved thereafter and unresolved as on 30/09/2018 are as discussed below:

1. Mismanagement – Nu.26.185 million

There were cases of mismanagement involving Nu.26.185million as summarised below:

Sl.	Observation in Brief	Unsettled	Settled	Unsettled as
-----	----------------------	-----------	---------	--------------

No.		reported in June 2018 (Nu. in million)	(Nu. in million)	on 30/09/2018 (Nu. in million)
1.1	Overdue Outstanding Taxes	10.664	0.580	10.084
1.2	Inadmissible waiver of fines and penalties	16.101	-	16.101
	Total	26.765	0.580	26.185

The cases of mismanagement are as indicated below:

1.1. OVERDUE TAXES - NU.10.664 MILLION

The following Regional Revenue and Customs Offices had outstanding revenue aggregating Nu.10.664 million. Some amounts were outstanding for over two years. There is thus, a need for further strengthening the follow-up mechanisms to ensure timely realisation of taxes.

- a) Regional Revenue and Customs Office, Thimphu had cases of outstanding Business Income Tax (BIT) and Personal Income Tax (PIT) amounting to Nu.0.568million due from various business units and individuals. *AIN: 14877; Para: 1; Accountabilities: Direct: Deki Wangmo, Deputy Collector, EID No. 200701109; Supervisory: Nidup Gyeltshen, Regional Director, EID No. 9610072*

Status:*Para remained unresolved.*

- b) Regional Revenue and Customs Office, Thimphu had 20 cases of outstanding Business Income Tax (BIT) and 3 cases of outstanding Corporate Income Tax (CIT) amounting to Nu.4.449 million from various business units. The business units/tax payers had failed to pay the BIT and CIT even after serving reminders. *AIN: 14388; Para: 2; Accountabilities: Direct: Kencho Dorji, Joint Collector, EID No. 200401096; Supervisory: Nidup Gyeltshen, Regional Director, EID No. 9610072*

Status:*Para remained unresolved.*

- c) Regional Revenue and Customs Office, Thimphu had not collected Bhutan Sales Tax (BST) amounting to Nu.0.577 million from ten business units including hotels, resorts, restaurants and cable services. The taxes were due for periods ranging from 12 months to 18 months at the time of audit in January 2017. *AIN: 14388; Para: 1; Accountabilities: Direct: Rinzin Wangmo, Deputy Collector, EID No. 200501079; Supervisory: Nidup Gyeltshen, Regional Director, EID No. 9610072*

Status:*Para remained unresolved.*

- d) Regional Revenue and Customs Office, Paro had cases of outstanding Business Income Tax (BIT) and outstanding Corporate Income Tax (CIT) amounting to

Nu.0.580 million due from two business units. *AIN: 14343; Para: 2; Accountabilities: Direct: Tempa Darjey, Dy. Collector, EID No. 200501078; Supervisory Accountability: Bimal Kumar Pradhan, Regional Director, EID No. 9610074*

Status: *Para was resolved based on verification of RRCO's receipt No. PRC179684 dated 13.10.17.*

- e) Regional Revenue and Customs Office, Thimphu had not collected Bhutan Sales Tax (BST) amounting to Nu.4.490 million from various business units. *AIN: 14877; Para: 2; Accountabilities: Direct: Rinzin Wangmo, Deputy Collector, EID No. 200501079; Supervisory: Nidup Gyeltshen, Regional Director, EID No. 9610072*

Status: *Para remained unresolved.*

- f) Regional Revenue and Customs Office, Paro had not collected Bhutan Sales Tax (BST) from five business units including hotels, homestays and restaurants. The taxes were due for periods ranging from 6 to 12 months. *AIN: 14914; Para: 2; Accountabilities: Direct: Yeshey Gyeltshen, Joint Collector, EID No. 200501082; Supervisory: Bimal Kumar Pradhan, Regional Director, EID No. 9610074*

Status: *Para remained unresolved.*

1.2. INADMISSIBLE WAIVER OF FINES AND PENALTIES - NU.16.101 MILLION

The Regional Revenue and Customs Office, Thimphu had cases of inadmissible waiver of fines and penalties by the Regional Tax Appeal Committee (RTAC) amounting to Nu.16.101 million that were beyond the prescribed ceilings. The RTAC is authorized to waive off fines and penalties up to Nu.0.200 million and the governing regulations were as noted below:

- Chapter 7 Clause 48 of Income Tax Act of the Kingdom of Bhutan 2001 stipulates as '*Any penal interest or fine imposed on the taxable income or entity may be waived in whole or in part by the department on satisfaction that the violation of the provision of the Act was unintentional*';
- Department of Revenue and Custom's Circular no. *DRC/TAX-AL/CL3768* dated *6th May, 2013* sets the maximum limit as '*Enhance the waiver authority limit to Nu.200,000.00 per case to the Regional Tax Appeal Committee to waive-off fines and penalties*'; and
- DRC Appeal directives letter no. *DRC/TAX-AL/GEN/21/464* dated *24th August 2017*, revealed that the RTAC can exercise its authority irrespective of the tax amount involved.

The Department had submitted a Note to the Ministry of Finance seeking enhancement of waiver authority. Considering the ramifications of approving such proposals there is a need to thoroughly examine the merits and demerits of such proposals having regard

to the possible loss of revenue and need to ensure that such authority is exercised in due compliance to the Income Tax Act of the Kingdom of Bhutan 2001. *AIN: 14877; Para: 3; Accountabilities: Direct: Deki Wangmo, Deputy Collector, EID No. 200701109; Supervisory: Nidup Gyeltshen, Regional Director, EID No. 9610072*

Status: Para remained unresolved.

2. Violation of Laws and Rules – Nu.0.496 million

There were cases of violation of laws and rules involving Nu.0.496 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
2.1	Payment at higher rates and without execution of works	0.496	-	0.496
2.2	Execution of Sub-standard work	-	-	Settled
	Total	0.496		0.496

The cases of violation of laws and rules are as indicated below:

2.1. PAYMENT AT HIGHER RATES AND WITHOUT EXECUTION OF WORKS - NU.0.496 MILLION

The Regional Revenue and Customs Office, Gelephu had made excess payments of Nu.0.496 million in the construction of Regional Revenue and Customs Office building at Gelephu in the installation of 11KV power supply line. The contractor was paid for works not executed as well as at rates higher than the quoted rates. *AIN: 14980; Para: 1.1; Accountabilities: Direct: Kezang, Sr. Adm. Assistant, EID No. 2107120; Wangchuk Namgay, Site Supervisor, CID No. 10709002514; Supervisory: Sonam Dorji, Regional Director, EID No. 2001014; Ugyen Norbu, Regional Director; EID No. 9711003*

Status: Para remained unresolved.

2.2. EXECUTION OF SUB-STANDARD WORK

The Regional Revenue and Customs Office, Phuentsholing had accepted sub-standard works in the construction of Pre-fabricated Customs office at Rinchending. The contractor had not used aggregate in the flooring works as required and thus the floor had defects in several areas. The management had not directed the contractor to rectify the defects. The lapses had occurred mainly due to poor workmanship, improper supervision and monitoring by the dealing official, and the failure on the part of the Supervising Officer to exercise necessary checks to ensure the quality of work done. *AIN: 14990; Para: 1.2; Accountabilities: Direct: Karma Wangdi, Administrative Officer, EID No. 200705100; Supervisory: Sonam Dorji, Regional Director, EID. No. 2001014*

Status: Para was resolved as the contractor had carried out the repair and maintenance work of PCC flooring as intimated vide letter No.RRCO/PL/ADM-11/2017-2018/7262 dated 24.4.2018.

3. Shortfalls, lapses and deficiencies - Nu.0.030 million

There were cases of shortfalls, lapses and deficiencies involving Nu.0.030 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
3.1	Outstanding Personal Advances	0.045	0.015	0.030
3.2	Excess Payment due to improper verification of works done	0.144	0.144	-
	Total	0.189	0.159	0.030

The cases of shortfalls, lapses and deficiencies are as indicated below:

3.1. OUTSTANDING PERSONAL ADVANCES - NU.0.030 MILLION

The Regional Revenue and Customs Office, Gelephu had overdue Personal Advances amounting to Nu.0.045 million against officials and were due since FY 2015-2016. *AIN: 14980; Para: 2; Accountabilities: Direct: Kezang, Sr. Adm. Asstt. EID No. 2107120; Chhimi Rinzin, Custom Inspector, EID No. 9508037; Supervisory: Ugyen Norbu, Regional Director, EID No. 9711003*

Status: Partially resolved. Nu. 0.015 million deposited vide Receipt No. A00166 dated 24/07/2018 leaving a balance of Nu.0.030 million.

3.2. EXCESS PAYMENT DUE TO IMPROPER VERIFICATION OF WORKS DONE - NU.0.144 MILLION

The Regional Revenue and Customs Office, Phuentsholing had made excess payments amounting to Nu.0.144 million in the construction of Pre-fabricated Customs office at Rinchening. The excess payment included double payment for 'PCC flooring with neat finish'; payments for providing and applying wood stains, varnishes, polish and synthetic coats made without execution at site; and for the electrical items of work. The lapse had occurred apparently due to failure to properly scrutinize and regulate the claims of the contractor. *AIN: 14990; Para: 1.1; Accountabilities: Direct: Karma Wangdi, Administrative Officer, EID No. 200705100; Supervisory: Sonam Dorji, Regional Director, EID No. 2001014*

Status: Para was resolved based on the joint verification of work done by the team consisting of RRCO official, Contractor and RAA. The recoverable amount was reduced to Nu.65,171.60 which was deposited in RAA along with 24% penalty vide receipt no.456398 dated 11.6.2018.

1.1.1.4. MINISTRY OF AGRICULTURE AND FORESTS

Out of the total unresolved irregularities of Nu.5.067 million reported to the Parliament in June 2018, the Ministry of Agriculture and Forests had resolved irregularities of Nu.1.473 million leaving a balance of Nu.3.594 million as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Mismanagement	-	-	-	100
2	Violation of laws and rules	2.280	-	2.280	-
3	Shortfalls, lapses and deficiencies	2.787	1.473	1.314	52.85
	Total	5.067	1.473	3.594	

The detailed status of irregularities reported to the Parliament in June 2018; resolved thereafter and unresolved as on 30/09/2018 are as discussed below:

1. Mismanagement

The case of mismanagement is as indicated below:

1.1. SUBSTANTIAL LAPSE OF YEARLY BUDGET FUND INDICATING UNREALISTIC PLANNING AND BUDGETING

The Agriculture Research and Development Centre in Samtenling, Gelephu had cases of substantial fund being lapsed for three consecutive financial years from 2013-2014 to 2015-2016. An amount of Nu.2.943 million, Nu.0.606 million and Nu.1.024 million had lapsed in 2013-2014, 2014-2015 and 2015-2016 respectively. The lapses are indicative of either poor planning/budgeting and/or poor implementation of planned activities. *AIN: 14691; Para: 1; Accountabilities: Direct: Tenzin Dema, Accountant, EID No. 9206027; Neelam Pradhan, Sector Head, Field Crops, EID No. 8707025; Chogyel Samdrup, Sector Head, Livestock, EID No. 8106013; Norbu Gyeltshen, Sector Head, Forestry, EID No. 9211033; Sherab Tenzin, Accountant EID No. 200307162; Tsheten Lhundup, Sector Head, Horticulture, EID No. 8805190; Supervisory: Gangja Singh Rai, Officiating Program Director, EID No. 2101014*

Status: Para was resolved based on supporting documents submitted vide letter No. RNRC/Bhur/Acct(5)/2017-2018/826 dated 30/3/2018.

2. Violation of Laws and Rules - Nu.2.280 million

There were cases of violation of laws and rules involving Nu.2.280 million as summarised below:

Sl.	Observation in Brief	Unsettled	Settled	Unsettled as
-----	----------------------	-----------	---------	--------------

No.		reported in June 2018 (Nu. in million)	(Nu. in million)	on 30/09/2018 (Nu. in million)
2.1	Excess deposit into Refundable Deposit Accounts	1.171	-	1.171
2.2	Payment made without supporting documents	0.665	-	0.665
2.3	Settlement of budgetary related expenses from Security and Earnest Money deducted/recovered	0.361	-	0.361
2.4	Excess payments on account of Deposit Work	0.083	-	0.083
	Total	2.280	-	2.280

The cases of violation of laws and rules are as indicated below:

2.1. EXCESS DEPOSIT INTO REFUNDABLE DEPOSIT ACCOUNTS - NU.1.171 MILLION

The Jigme Dorji National Park, Damji had made excess deposits amounting to Nu.1.171 million into the Refundable Deposit Accounts. The management had reported receipts amounting to Nu.0.173 million on account of deduction/recovery of refundable deposit during the year from contractors/suppliers, but had deposited Nu.1.344 million into the refundable deposit account from the overall savings of the budgetary fund with resultant reduction of yearend fund balance to the extent of Nu.1.171 million. *AIN: 15004; Para: 2.1; Accountabilities: Direct: Tshering Wangchuk, Accountant, EID No. 200207191; Supervisory: Namgay, Offtg. CFO, EID No. 9810002*

Status: Para remained unresolved.

2.2. PAYMENT MADE WITHOUT SUPPORTING DOCUMENTS - NU.0.665 MILLION

The Jigme Dorji National Park, Damji had failed to produce relevant supporting documents for expenditures aggregating to Nu.0.665 million. The various expenditures includes payments of TA/DA, meeting expenses, purchase of office stationery, remittance of 2% TDS to RRCO and for 10% security deposits recovered and deposited into ARA. These were in violation of financial rules and regulations. The lapses had occurred apparently due to lack of proper supervision and monitoring over the accounts personnel, which is indicative of lack of internal controls and the failure to exercise due diligence while approving the payments. *AIN: 15004; Para: 1.1; Accountabilities: Direct: Tshering Wangchuk, Accountant, EID No. 200207191; Supervisory: Lhendrup Tharchen, Ex-CFO and Namgay, Offtg. CFO, EID No.200801028 and 9810002*

Status: Para remained unresolved.

2.3. SETTLEMENT OF BUDGETARY RELATED EXPENSES FROM SECURITY AND EARNEST MONEY DEDUCTED/RECOVERED - NU.0.361 MILLION

The Jigme Dorji National Park, Damji had made payments amounting to Nu.0.361 million on account of refund of security/retention money to the Contractors/Suppliers without obtaining equivalent refundable release from DPA. The expenditures were met from Security and Earnest Money deducted/recovered as for the financial year 2016-17.

In addition, the management had paid contractor's Running Bill claims from the budget for TA/DA payments of field staffs without any supporting documents pertaining to the payments. This had thus resulted into non-booking of expenditure under respective activity with resultant understatement of reported expenditure and overstatement of yearend fund balance. *AIN: 15004; Para: 2.2; Accountabilities: Direct: Tshering Wangchuk, Accountant, EID No. 200207191; Supervisory: Namgay, Offtg. CFO, EID No. 9810002*

Status: Para remained unresolved.

2.4. EXCESS EXPENDITURE ON ACCOUNT OF DEPOSIT WORK - NU.0.083 MILLION

The Jigme Dorji National Park, Damji had booked an expenditure for deposit works amounting to Nu.1.856 million against Non-Revenue release of Nu.1.773 million received for deposit works with resultant excess expenditure of Nu.0.083 million. Instead of obtaining equivalent release from client agencies and DPA, the differential payments were met from the normal budgetary release. The excess payment pertained to expenses incurred for TA/DA of officials and expenses on the Good Governance Meeting at Gasa Dzongkhag. *AIN: 15004; Para: 2.3; Accountabilities: Direct: Tshering Wangchuk, Accountant, EID No. 200207191; Supervisory: Namgay, Offtg. CFO, EID No. 9810002*

Status: Para remained unresolved.

3. Shortfalls, lapses and deficiencies - Nu.1.347 million

There were cases of shortfalls, lapses and deficiencies involving Nu.1.347 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
3.1	Delay in implementation of project activity	-	-	-
3.2	Pending cases lying unsettled	0.620	-	0.620
3.3	Excess/Inadmissible/Double Payments	0.575	0.542	0.033
3.4	Outstanding advances	1.484	0.898	0.586
3.5	Irregular adjustments of advances	0.030	-	0.030

3.6	Payment without supporting documents	0.078	-	0.078
	Total	2.787	1.440	1.347

The cases of shortfalls, lapses and deficiencies are as indicated below:

3.1. DELAY IN IMPLEMENTATION OF PROJECT ACTIVITY

The Department of Forests and Park Services had signed the project *“To Enhance the Management Effectiveness of Jigme Khesar Strict Nature Reserve (JKSNR)”* with the Bhutan Trust Fund for Environmental Conservation (BT FEC) in July 2016. The BT FEC had provided Nu.1.500 million during the year 2016-2017 for construction of office building for the JKSNR, Haa but work had not been executed and the entire fund had lapsed. Subsequently, in the year 2017-2018, Nu.5.000 million had been allocated.

However, there was very little progress in the implementation of the activities at the time of audit in September 2017 and tender announcements were also not made. The management reported that delays had occurred due to delay in the actual signing of the project agreement by two months, and delay in granting approval for the land by the Dzongkhag Tshogdu. In addition, the Engineering Division of the MoAF had been unable to provide architectural design and estimates for the office building due to non-availability of an independent Architect/Engineer with the Ministry.

The Management reported that all pre-requisites were under progress and the work is expected to commence by third week of March 2018. *AIN: 14898; Para: 1; Accountabilities: Direct: Ugyen Tshering, Sr. FR, EID No. 2108014; Supervisory: Sonam Tobgay, Chief Forestry Officer, EID No.: 200401058*

Status: *Para remained unresolved.*

3.2. PENDING OFFENCE CASES - NU.0.620 MILLION

The Divisional Forest Office, Paro had not realised fines and compensations amounting to Nu.0.620 million for five pending offence cases, including one case of *‘Psuedo Ginseng’* for which the DoFPS was required to review and fixed fine as the particular forest product was not included in Forest and Nature Conservation Rules (FNCR) 2006.

The cases had been forwarded to the Department of Forests and Park Services since the perpetrators refused to settle the case with the Division. Also, there was an additional pending case of illegal timber (21 Mixed Conifer logs) unloaded at M/s Wangwood Sawmill which remained unresolved. *AIN: 15011; Para: 3; Accountabilities: Direct: Kaka Tshering, CFO, EID No. 8205001; Supervisory: Kaka Tshering, CFO, EID No. 8205001*

Status: *Para remained unresolved.*

3.3. EXCESS/INADMISSIBLE/DOUBLE PAYMENTS

- a) The *‘Remote Rural Communities Development Project’* implemented by Drungkhag Adminsitration, Dophuchen, Samtse had made excess payments of Nu.1.715 million in the construction of Denchukha-Kaduri farm road. Excess amounts were claimed

by the contractor for laying of hume pipes and construction of various walls along the road. During the re-verification of the rectification works, it has been established that works valuing Nu.1.514million were completed, leaving a balance of Nu.0.201 million as recoverable. *AIN: 14829; Para: 1.1; Accountabilities: Direct: Penjor, Junior Engineer, EID No. 20140103488; Supervisory: Karma Jurmi, Drungpa, EID No. 9208031*

Status:*Para was resolved as the amount of Nu.0.201 was deposited into Audit Recoveries Account by the contractor on 17/07/2018.*

- b) The Wangchuk Centennial National Park, Bumthang had made excess payments of Nu.0.227 million to contractor due to improper verification of quantities of works executed at site in the construction of 2-unit staff quarter at Nasiphel. The lapses had occurred due to less deduction for doors and windows from the deductible quantity from CRM wall. *AIN: 14424; Para: 8; Accountabilities: Direct: Pema Letho, Engineer, EID No. 20150105051; Supervisory: Tshering Dhendup, CFO, EID No. 200801031*

Status:*Para was resolved as the amount was deposited with the RAA, HQ vide receipt No. 428037 dated 17.07.2018.*

- c) The Divisional Forest Office, Paro had made excess payments of Nu.0.114 million to contractor in the construction of Office-cum-Residence at Nursery under Shaba Gewog, Paro Dzongkhag due to inflated measurements. The final measurements for items executed were different from the dimensions provided in the drawings. In addition, there were no approvals for the changes made at site. Also, the contractor had claimed for excess measurements instead of actual work executed at site. The lapses had occurred due to failure of site engineer in discharging his responsibilities diligently. *AIN: 15011; Para: 1.1. & 1.2.; Accountabilities: Direct: Rinchen Tshering, AE Dzongkhag Engineer, EID No. 200407007; Supervisory: Phub Thinley, Gewog Forest Extension Officer, EID No. 9908065.*

Status:*Para was resolved based on deposit of cash Nu. 40,889.92 against sub para 1.1 and Nu. 73,071.86 against sub para 1.2 including 24% penalty on 19.04.18.*

- d) The Jigme Dorji National Park, Damji had made double payments of Nu.0.033 million on account of TA/DA and mileage claims due to improper verification of claims by the accountant and non-maintenance of travel register. *AIN: 15004; Para: 3.1; Accountabilities: Direct: Tshering Wangchuk, Accountant, EID No. 200207191; Supervisory: Namgay, Offtg. CFO, EID No. 9810002*

Status: *Para remained unresolved.*

3.4. OUTSTANDING ADVANCES - NU.0.586 MILLION

- a) The Wangchuk Centennial National Park, Bumthang had overdue outstanding advances amounting to Nu.0.898 million against Bhutan Power Corporation Limited, Wangdue. The advance was released on 5th January 2016 against the deposit work for installation of 3 phase electricity connection for Western Range Office in Sephu. However, the BPCL had neither provided the electricity connections, nor liquidated/adjusted the dues as of 31st December 2017. *AIN: 14424; Para: 3; Accountabilities: Direct: Sangay Penjor, Forest Ranger, EID No. 200507153; Supervisory: Tshering Dhendup, CFO, EID No. 200801031*

Status: Para was resolved based on adjustment as per the letter No.WCNP/Accts-03/2018/560 dated 19.06.2018.

- b) The Jigme Dorji National Park, Damji had overdue outstanding advances amounting to Nu.0.586 million against officials and contractors. Personal Advances amounted to Nu.0.071 million and Public Works Advances amounted to Nu.0.515 million. Some advances were due since 2009-2010. *AIN: 15004; Para: 1.2; Accountabilities: Direct: Tshering Wangchuk, Accountant, EID No. 200207191; Supervisory: Lhendrup Tharchen, Ex-CFO EID No.200801028; Namgay, Offtg. CFO, EID No. 9810002*

Status: Para remained unresolved.

3.5. IRREGULAR ADJUSTMENTS OF ADVANCES - NU.0.030 MILLION

The Jigme Dorji National Park, Damji had shown adjustment of entire advances amounting to Nu.0.433 million as against the entitled travel claims of Nu.0.403 million with resultant irregular adjustment by Nu.0.030 million for monitoring of Cordyceps harvesting activities for the Financial Year 2016-2017. The concerned dealing official had not exercised due diligence while making payments/adjustment of advances for officials. *AIN: 15004; Para: 3.2; Accountabilities: Direct: Sonam Wangchuk, Accountant, EID No. 200807278; Supervisory: Namgay, Offtg. CFO, EID No. 9810002*

Status: Para remained unresolved.

3.6. PAYMENT WITHOUT SUPPORTING DOCUMENTS - NU.0.078 MILLION

The Wangchuck Centennial National Park, Bumthang had booked and adjusted expenditure amounting to Nu.0.078 million without original vouchers and bills, which included rectification of budget lines and correction of booking heads. Similar lapses were pointed out in previous audit as well. *AIN: 15036; Para: 2; Accountabilities: Direct: Karma Phuntsho, Accountant, EID No. 8901101; Supervisory: Tshering Dhendup, CFO, EID No. 200801031*

Status: Para remained unresolved.

1.1.1.5. MINISTRY OF EDUCATION

Out of the total unresolved irregularities of Nu.1.736 million reported to the Parliament in June 2018, the Ministry of Education had settled irregularities amounting to Nu.1.736 million leaving a balance of one irregularity without amount as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Violation of laws and rules	1.473	1.473	-	-
2	Shortfalls, lapses and deficiencies	0.263	0.263	-	100
	Total	1.736	1.736	0	

The detailed status of irregularities reported to the Parliament in June 2018; irregularities resolved thereafter and unresolved as on 30/09/2018 are as discussed below:

1. Violation of Laws and Rules

The case of violation of laws and rules are as indicated below:

1.1. IRREGULAR BOOKING INTO THE CLOSED WORK ACCOUNT AND NON-SUPPLY OF GOODS - NU.1.473 MILLION

The Department of School Education had booked a sum of Nu.1.473 million under the Closed Work Account for procurement of 36 desktop computers (C15 with genuine Windows 10 OS). The contract was awarded to supplier on 23rd June 2016. The amount of Nu.1.473 million was deposited into refundable deposit account under the closed work account on 24th June 2016. Booking of expenditure under closed work account immediately after placing the supply order without actual receipt of goods not only violated the budgetary norms but also inflated the reported expenditure of the Department.

In addition, the supplier had failed to deliver goods even after a lapse of more than 10 months at the time of audit in June 2017. Subsequently, the department obtained the release of equivalent amount from DPA and deposited into Audit Recoveries Account. *AIN: 14805; Para: 2; Accountabilities: Direct: Ngawang Norbu, APO, EID No. 20121100941; Supervisory: Kaka, EMO, EID No. 9507290*

Status: Para remained unresolved. Although the amount of Nu.1.473 million was deposited with the RAA vide Non-revenue receipt No. 328799 dt 11/8/2017, performance security as per the contract terms has not been recovered from the supplier as recommended in the audit report.

2. Shortfalls, lapses and deficiencies – Nu.0.263 million

The case of shortfalls, lapses and deficiencies is as indicated below:

2.1. NON-ADJUSTMENT OF ADVANCES – NU.0.263 MILLION

The Ministry of Education implemented UNICEF Project had overdue advances amounting to Nu.0.263 million that was released as Public Works Advances for Construction of ECCD Center at Ramechen, Wangdue. The accumulation of overdue advances were indicative of inadequate and ineffective follow up by the project management in timely recovery of the outstanding advances. *AIN: 14888; Para: 2; Accountabilities: Direct: Jamyang Choeden, Chief Program Officer, EID No. 8707009; Karma Gayleg, Dy. Chief Program Officer, EID No. 8906034; Supervisory: Karma Sonam Chopel, DEO, EID No. 96007071; Tshering Penjor, DEO, EID No.9208069; Kencho Wangdi, Dy. Chief DEO, EID No. 8906011*

Status: Para was resolved as the amounts were adjusted vide follow up report No. RAA/FUCD(L1-1)UNICEF/MoE/2018/2699 dt.13/09/2018.

1.1.1.6. MINISTRY OF LABOUR AND HUMAN RESOURCE

Out of the total unresolved irregularities of Nu.1.502 million reported to the Parliament in June 2018, the Ministry of Agriculture and Forests had not resolved any irregularities as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Violation of laws and rules	1.364	-	1.364	-
2	Shortfalls, lapses and deficiencies	0.138	-	0.138	-
	Total	1.502	-	1.502	

The detailed status of irregularities reported to the Parliament in June 2018 which remained unresolved as on 30/09/2018 are as discussed below:

1. Violation of laws and rules - Nu.1.364 million

There was a case violation of laws and rules as indicated below:

1.1. NON-EMPLOYMENT OF PARTICIPANTS AFTER REGULARIZATION AND ITS IMPLICATION - NU.1.364 MILLION

The Department of Employment had not recovered a sum of Nu.1.364 million from its partner agency, an employer - M/s iSoft, Thimphu for breach of contract caused by the agency's inability to provide job to participants for a minimum of two years after regularization under the Government of India (GoI) funded project "Guaranteed Employment Program under Economic Stimulus Plan (ESP)". As per the agreement signed between employer and the Ministry, "The participants shall work with particular employer for two years after the attached period", and that "If the employer contravenes any provisions of the agreement except in accordance with the procedure laid down by the MoLHR, the employer shall reimburse 20% of the total amount paid by MoLHR to the Ministry and also pay the participant in lump sum".

The Department had failed to exercise due diligence as there was no investigation done to validate the genuineness of grounds for non-employment of participants by the agency. There was neither any review carried out to validate the claims made by the employer on losses sustained by the company, nor the ministry had conducted any investigation of the matter. *AIN: 14806; Para: 1.2; Accountabilities: Direct: Chimi Rinzin, Labour Officer, EID No. 200605031; Supervisory: Sherab Tenzin, Director General, EID No. 8709028*

Status: Para remained unresolved.

2. Shortfalls, lapses and deficiencies – Nu.0.138 million

There were cases of shortfalls, lapses and deficiencies involving Nu.0.138 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
2.1	Non-deduction of 3% TDS	0.078	-	0.078
2.2	Outstanding advances	0.060	-	0.060
	Total	0.138	-	0.138

The cases of shortfalls, lapses and deficiencies are as indicated below:

2.1. NON-DEDUCTION OF 3% TDS - NU.0.078 MILLION

The Thimphu Institute of Zorig Chusum had not deducted 3% TDS amounting to Nu.0.078 million from payments made to trainer for intricate wood carving training. The trainer was invited from Nepal to impart skills and technique of four-dimension carving to Bhutanese wood carvers. *AIN: 14894; Para: 1; Accountabilities: Direct: Jigme Dorji, Principal, EID No.9407142; Supervisory: Tshewang Peldon, Principal, EID No.9006081*

Status: Para remained unresolved.

2.2. OUTSTANDING ADVANCES – NU.0.060 MILLION

The Thimphu Institute of Zorig Chusum had overdue advances of Nu.0.060 million against an official. *AIN: 14894; Para: 2; Accountabilities: Direct: Jigme Dorji, Principal, EID No. 9407142; Supervisory: Tshewang Peldon, Principal, EID No. 9006081*

Status: Para remained unresolved.

1.1.1.7. MINISTRY OF ECONOMIC AFFAIRS

Out of the total unresolved irregularities of Nu.0.963 million reported to the Parliament in June 2018, the Ministry of Economic Affairs had resolved irregularities of Nu.0.866 leaving a balance of Nu.0.097 million as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	0.963	0.866	0.097	89.93
	Total	0.963	0.866	0.097	

The detailed status of irregularities reported to the Parliament in June 2018; irregularities settled thereafter and unresolved as on 30/09/2018 are as discussed below:

1. Shortfalls, lapses and deficiencies - Nu.0.963 million

There were cases of shortfalls, lapses and deficiencies involving Nu.0.963 million as indicated below:

1.1. EXCESS PAYMENT – NU.0.097 MILLION

- a) The Department of Industry had made excess payment of Nu.0.866 million to the Construction Development Corporation Limited. Payments were found made in excess of quantities of works executed in the construction of approach road and Girder Bridge at Bondeyma Industrial Estate in Mongar. *AIN: 14630; Para: 1.3; Accountabilities: Direct: Sarada Devi Giri, Site Engineer (Contract), CID No. 21214000008; Supervisory: Karuna Chhetri, Assistant Engineer, EID No.200207056*

Status: Para was resolved vide follow up report No.RAA/FUCD(03)DoI/MoEA/2018/1892 dated 03/07/2018.Out of total amount of Nu.0.866 million; Nu.0.337 million was deposited with the RAA vide Rt, No.427988 dt.27/06/2018 and the balance was dropped during the 49thFollow-up Committee Meeting held on 26th June 2018 based on the justifications submitted by the Department.

- b) The Department of Trade had made excess payment of Nu.0.193 million to the contractor in the construction of exhibition showroom at Changzamtog Industrial Area. Payment were made for quantities in excess of works actually executed at site for items including cornices, post and panels. Subsequently, upon remeasurement the excess payment was established as Nu.0.097 million. The lapses had occurred apparently due to negligence on the part of Site Engineer and failure on the part of Supervising Officer to exercise necessary checks to ensure the admissibility of contractor's claims. *AIN: 14366; Para: 2.2; Accountabilities: Direct: Kezang Phuntsho, Engineer, DCSI, CID No. 11107002086; Supervisory: Zecko, Chief Trade Officer, EID No. 9009055*

Status: Partially resolved. As per the followup report No. RAA/FUCD(02)DoT/MoEA/2017/1427 dt.12/05/2017 out of Nu.0.193

million; Nu.0.097million stands recoverable after considering the management's justification.

1.1.1.8. MINISTRY OF HOME AND CULTURAL AFFAIRS

Out of the total unresolved irregularities of Nu.0.448 million reported to the Parliament in June 2018, the Ministry of Home and Cultural Affairs had resolved oneirregularitywithout monetary value leaving a balance of Nu.0.448 million on 30/09/2018as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Violation of laws and rules	-	-	-	
2	Shortfalls, lapses and deficiencies	0.448	-	0.448	-
	Total	0.448	-	0.448	

The detailed status of irregularities reported to the Parliament in June2018; irregularities resolved and irregularities remaining unresolved as on 30/09/2018 are as discussed below:

1. Violation of Laws and Rules

There were cases of violations of laws and rules as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
1.1	Non-availability of estimate on additional works	-	-	Settled
1.2	Inadmissible payment of Pension and Provident Fund to terminated employee	-	-	-
	Total	-	-	

The cases of violations of laws and rules are as indicated below:

1.1. NON-AVAILABILITY OF ESTIMATE ON ADDITIONAL WORKS

The Regional Immigration Office, Samtse had deviations to an extent of 30.21%, with a financial implication of Nu.3.165 million, in the construction of office building. The building was completed at a cost of Nu.13.643 million as against the quoted amount of Nu.10.478 million. The expenditure had exceeded/deviated by 10.21% from the deviation limit of 20% (plus/minus) of the total estimates. Further, neither the estimates for the additional works were available for verification, nor the site engineer concerned was available for clarifications and explanations for the deviations/additional works. *AIN: 14473; Para: 1.2; Accountabilities: Direct: Sonam*

Gyeltshen, Engineer, EID No. 200901082; Supervisory: Rinzin Phuntsho, Regional Director, EID No. 200601018

Status: Para was resolved based on the justification that the additional and deviated works were duly approved by the tender committee vide Note Sheet No. SD/MUN-07/2012-2013/1297 dated. 13/03/2013.

1.2. INADMISSIBLE PAYMENT OF PENSION AND PROVIDENT FUND TO TERMINATED EMPLOYEE

The Regional Immigration Office, Gelephu had made inadmissible payments of pension and provident fund benefits to an employee who had been terminated. As per the BCSR 2012 Chapter 20, Clause 20.3.3.2. 'A civil servant whose services are terminated shall be entitled only to his contribution together with returns credited thereon to provident fund account' and Clause 20.3.2.2. states 'If a civil servant is terminated, he shall not be eligible for the pension benefits but entitled to refund of his contributions made to the pension account.' Hence, the employee was only eligible for provident fund contribution made by the employee. There was apparent lack of coordination between the Ministry and the RIO, Gelephu. *AIN: 14548; Para: 2; Accountabilities: Direct: Tshewang Tobgay, Former RD, EID No. 8805185; Supervisory: Dasho Tshering Dorji, Secretary, EID No. 8404121; Thinley Wangchuk, DG, EID No. 8607075; Kinley Tenzin, Offtg. DG, EID No. 200202063; Tashi Tobgay, Director, EID No. 8903101; Chador Wangdi, Director, EID No. 7906001; Damcho Duba, Offtg. CAO, EID No. 8103027; Chhimi Dorji, Chief HRO, EID No. 8003019*

Status: Para remained unresolved.

2. Shortfalls, lapses and deficiencies – Nu.0.448 million

There were cases of shortfalls, lapses and deficiencies involving Nu.0.448 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
2.1	Difference in closing balances with resultant shortage	0.294	-	0.294
2.2	Sale proceeds collected/deducted without preparation of challans/bills	0.095	-	0.095
2.3	Short deduction of sales proceeds	0.059	-	0.059
2.4	Non-production of Measurement Book and absence of site engineer during audit	-	-	-
Total		0.448		

The cases of shortfalls, lapses and deficiencies are as indicated below:

2.1. DIFFERENCE IN CLOSING BALANCES WITH RESULTANT SHORTAGE - NU.0.294 MILLION

The Royal Bhutan Police, Division II, Punakha had differences in closing stock balance of rations with resultant shortages of stock valuing Nu.0.294 million due to discrepancies in the receipts and issues of rations. The closing balance of some stocks were in excess of actual balance, while for some items the issues were in excess of purchases resulting into negative closing balance. In addition, the management had not carried out periodic reconciliation of ration items. *AIN: 14681; Para: 2; Accountabilities: Direct: Chakten, Dedrim, PIN 3048, CID No. 11201003400; Supervisory: Karma Tshering, Colonel, SSP, PIN 85, CID No. 11306002149*

Status: Para remained unresolved.

2.2. SALE PROCEEDS COLLECTED/DEDUCTED WITHOUT PREPARATION OF CHALLANS/ BILLS - NU.0.095 MILLION

The Royal Bhutan Police, Division II, Punakha had deducted sale proceeds amounting to Nu.0.095 million from the monthly salary payments of police personnel without the preparation of challans/bills. Scrutiny of the Sub-Ledger for FY 2014-15 and FY 2015-16 revealed that cost of rations issued on concessional rates and deducted from the monthly pay bills was Nu.0.651 million, whereas Nu.0.556 million only was accounted. In the absence of proper documentation/records, and lack of periodic reconciliation of accounts, the accuracy for sale of rations and related collections/deductions could not be ascertained. *AIN: 14681; Para: 1.2; Accountabilities: Direct: Chakten, Dedrim, PIN 3048, CID No. 11201003400; Supervisory: Karma Tshering, Colonel, SSP, PIN 85, CID No. 11306002149*

Status: Para remained unresolved.

2.3. SHORT DEDUCTION OF SALES PROCEEDS - NU.0.059 MILLION

The Royal Bhutan Police, Division II, Punakha had made short deductions amounting to Nu.0.059 million from sale proceeds of rations issued at concession rates to police personnel. Also, the Division had not reconciled the quantities on a regular basis. *AIN: 14681; Para: 1.1; Accountabilities: Direct: Chakten, Dedrim PIN. 3048, CID No. 11201003400; Supervisory: Karma Tshering, Colonel, SSP, PIN. 85, CID No. 11306002149*

Status: Para remained unresolved.

2.4. NON-PRODUCTION OF MEASUREMENT BOOK AND ABSENCE OF SITE ENGINEER DURING AUDIT

The Regional Immigration Office (RIO), Samtse had not produced the Measurement Book (MB) for scrutiny during the time of audit in December 2016. Although it was stated that the MB was being maintained by the Site Engineer and that all necessary explanations related to construction works would be provided by the Site Engineer, the concerned Site Engineer had neither submitted the MB, nor made himself available for clarifications during audit.

In addition, it was noted that the supervision and monitoring of the construction works were carried out by the Municipal Division of the Dzongkhag Administration, Samtse. However, the dealing engineer of the Municipal Division had been transferred to Dzongkhag Administration, Paro and was unavailable. In absence of requisite documents and concerned officials, the correctness of contractor's claims and payments made as well as works executed at site could not be verified. *AIN: 14473; Para: 1.1; Accountabilities: Direct: Sonam Gyeltshen, Engineer, EID No. 200901082; Supervisory: Rinzin Phuntsho, Regional Director, EID No. 200601018*

Status: Para remained unresolved.

1.1.1.9. MINISTRY OF INFORMATION AND COMMUNICATIONS

Out of the total unresolved irregularities of Nu.0.100 million reported to the Parliament in June 2018, the Ministry of Information and Communication had resolved all the irregularities as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	0.100	0.100	-	100
	Total	0.100	0.100	-	

The detailed status of irregularity reported to the Parliament in June 2018 which was resolved as on 30/09/2018 is as discussed below:

1. Shortfalls, lapses and deficiencies

The cases of shortfalls, lapses and deficiencies are as indicated below:

1.1. OUTSTANDING ADVANCES

Department of Information Technology and Telecom had overdue Public Works Advance amounting to Nu.0.100 million against an official as of June 2017. *AIN: 14789; Para: 1; Accountabilities: Direct: Sonam Wangchuk, HRO, EID No. 8202001; Supervisory: Singye Norbu, Officiating Chief HRO, EID No.20140103323*

Status: Para was resolved vide follow-up report No.RAA/FUCD(N2)DITT/2017/2154 dt.31/07/2018 as the amount was deposited with the RAA.

1.1.1.10. MINISTRY OF FOREIGN AFFAIRS

There were two unresolved significant irregularities reported to the Parliament in June 2018. The same remained unresolved as on 30/09/2018 as summarised below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	-			
	Total	-			

The detailed status of irregularities reported to the Parliament in June 2018 which remained unresolved as on 30/09/2018 are as discussed below:

1. Shortfalls, lapses and deficiencies

There were cases of shortfalls, lapses and deficiencies as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
1.1	Outstanding Advance	-	-	-
1.2	Unreconciled difference in the balances	-	-	-
	Total	-	-	-

The cases of shortfalls, lapses and deficiencies are as indicated below:

1.1. OUTSTANDING ADVANCE

The Secretariat, MoFA had overdue Public Works Advances amounting to Nu.1.410 million against an official on account of advance released for meeting expenses related to the Prime Minister's visit for TED Event in Vancouver, Canada. A total advance of US \$25,216.00 (including the official's DSA of US \$216.00) amounting to Nu.1.759 million was released in February 2016. The official had failed to submit relevant bills for adjustment upon return. The MoFA had started recovering the advance from the official from August 2016 and the principal advance amount of Nu. 1.410 million was recovered. However, the 24% penalty amounting to Nu.0.404 million remains outstanding. *AIN: 14682; Para: 1; Accountabilities: Direct: Thinley Norbu, Desk Officer, EID No. 200211057; Supervisory: Tshering Dorji, Secretary, EID No. 8404121*

Status: Para remained unresolved as the accrued 24% penalty amounting to Nu. 0.290 million was left unrecovered although the principal amount was fully liquidated.

1.2. UNRECONCILED DIFFERENCE IN THE BALANCES

The Royal Bhutanese Embassy, New Delhi had huge unreconciled differences in the balances of Public Expenditure Management System (PEMS) generated cash book and balances as per manual cash book maintained for Dollar Account and Rupee Account. The dollar balances had been carried forward since the inception of Embassy without reconciling it. During the financial year 2013-2014, the release of Nu.4.197 million was wrongly recorded in PEMS without the amount being credited into the Embassy's LC Account maintained with the Bank of Bhutan Limited in Thimphu which inflated the

yearend closing balance, leaving negative balances in the Embassy's Dollar and Rupee bank accounts. Further, the yearend negative closing balance of the Embassy was carried forward in all subsequent years. *AIN: 14445; Para: 1; Accountabilities: Direct: Tshewang Dorji, Finance Counselor, EID No. 9811005; Supervisory: Ugyen Gonphel, Head of Chancery, EID No. 9101053*

Status: Para remained unresolved. Reminder was sent vide letter No.RAA/FUCD(D9)RBE-Delhi/2018/2611 dated 06/09/2018.

1.1.2. DZONGKHAGSADMINISTRATION

1.1.2.1. DZONGKHAG ADMINISTRATION, TRASHIYANGTSE

The Dzongkhag Administration had unresolved irregularity of Nu.16.326 million reported to the Parliament in June 2018, which had remained as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Violation of laws and rules	16.326	-	16.326	-
Total		16.326	-	16.326	

The detailed status of irregularity reported to the Parliament in June 2018 which remained unresolved as on 30/09/2018 is as discussed below:

1. Violation of Laws & Rules - Nu.16.326 million

The case of violation of laws & rules is as indicated below:

1.1. NON-COMPLIANCE TO PROVISION OF CLOSED WORKS - NU.16.326 MILLION

The Dzongkhag Administration, Trashiyangtse in violation to financial norms had booked Nu.40.550 million under closed works as on 30th June 2016 for 12 incomplete activities which were deposited into Refundable Deposit Account. Subsequently, 11 activities were completed leaving a balance of Nu.16.326 million under closed work for the construction of Water Supply at Duksum. *AIN: 14430; Para: 1; Accountabilities: Direct: Ugyen Zangmo, AE, EID No. 200507220; Supervisory: Jigme Tshewang, Municipal Engineer EID No. 201101167*

Status: Para remained unresolved. As per the justification intimated vide letter No. Yangdzong/zytse(11)2017-2018/4005 of 6/4/18, the work is still on going.

1.1.2.2. DZONGKHAG ADMINISTRATION, GASA

Out of the total unresolved irregularities of Nu.5.684 million reported to the Parliament in June 2018, the Dzongkhag Administration, Gasa had resolved irregularities of Nu.1.066 million leaving a balance of Nu.4.618 million as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Mismanagement	5.558	0.940	4.618	16.91
2	Violation of laws and rules	0.126	0.126	-	100
Total		5.684	1.066	4.618	

The detailed status of irregularities reported to the Parliament in June 2018; irregularities resolved thereafter and unresolved as on 30/09/2018 are as discussed below:

1. Mismanagement – Nu.4.618 million

There were cases of mismanagement involving Nu.5.558 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
1.1	Wasteful expenditure	4.618	-	4.618
1.2	Un-spent Close work balance	0.940	0.940	-
Total		5.558	0.940	4.618

The cases of mismanagement are as indicated below:

1.1. WASTEFUL EXPENDITURE - NU.4.618 MILLION

The Dzongkhag Administration, Gasa had incurred expenditure of Nu.4.618 million in the construction of Gewog Connectivity road from Gasa to Laya. About 2,347 meters of the road was realigned by the contractor while trying to avoid damages to the electric transmission line and had created eight additional turnings at one location in Chamsa. However, the contractor had not informed the site engineer and Gewog Administration of the diversion/new alignment.

Based on complaints from the public an investigation was carried out which reported that the initial surveyed road alignment along the old mule track was comparatively better in terms of length, number of turnings on fragile slope, and lower cost of maintenance in the long run. In addition, an independent report from DoR, MoWHS also revealed that the turnings were created in a geologically fragile slope, which was further aggravated by the closely constructed turnings and that the new alignment would require huge mitigation works.

Subsequently, the road had been taken through initial surveyed alignment after the 11th FYP Mid-Term Review meeting rendering the entire cost of Nu.4.618 million for 2,347 meters of road wasteful. The lapses had occurred apparently due to lack of adequate communication between the contractor, site engineer and Dzongkhag Administration. *AIN: 14794; Para: 8; Accountabilities: Direct: Dorji Dhradhul, Dzongdag, EID No.9209027; Supervisory: Dorji Dhradhul, Dzongdag, EID No. 9209027*

Status: Para remained unresolved.

1.2. UN-SPENT CLOSED WORK BALANCE

The Dzongkhag Administration, Gasa had retained the un-spent Closed Work balance amounting to Nu.0.940 million pertaining to the FY 2014-2015 which was not refunded to DPA, MoF even at the time of audit in May 2017. This was in contravention to the MoF Circular No. *DPA(AD)-Circular/2009-10/7579* dated April 6, 2010 which stipulates that funds deposited into the Refundable Account should be sought by the Budgetary agencies within July to clear the closed work account and under no circumstances should transactions be passed on to succeeding months. *AIN: 14794; Para: 7; Accountabilities: Direct: Penjor Dukpa, Dzongkhag Engineer, EID No. 2109163; Karma, Asstt. Finance Officer, EID No. 200407063; Supervisory: Dorji Dhradhul, Dzongdag, EID No. 9209027*

Status: Para was resolved based on justification submitted vide letter No.DAG/ACC-04/2017-2018/3750 dated 09/02/2018.

2. Violation of Laws & Rules

The cases of violation of laws & rules are as indicated below:

2.1. IRREGULAR ADJUSTMENT OF ADVANCES

The Dzongkhag Administration, Gasa had made excess payments amounting to Nu.0.126 million while adjusting outstanding advances against officials. The adjustments were irregular as some were made without any supporting documents and some adjusted twice. *AIN: 14794; Para: 11.2; Accountabilities: Direct: Dorji Dhradhul, Dzongdag, EID No. 9209027; Supervisory: Dorji Dhradhul, Dzongdag, EID No. 9209027*

Status: Para was resolved vide follow-up report No.RAA/OAAG(T)FUS-02/2018-2019/0025 of 06/07/2018.

1.1.2.3. DZONGKHAG ADMINISTRATION, MONGGAR

Out of the total unresolved irregularities of Nu.3.713 million reported to the Parliament in June 2018, the Dzongkhag Administration, Monggar had resolved irregularities of Nu.0.045 leaving a balance of Nu.3.668 million as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Mismanagement	-	-	-	100
2	Shortfalls, lapses and deficiencies	3.713	0.045	3.668	1.21
	Total	3.713	0.045	3.668	

The detailed status of irregularities reported to the Parliament in June 2018; irregularities resolved thereafter and irregularities remaining unresolved as on 30/09/2018 are as discussed below:

1. Mismanagement

The cases of mismanagement are as indicated below:

1.1. NON-RECOVERY OF 24% PENALTY

The Municipal Office under Dzongkhag Administration, Monggar had made short-deposits amounting to Nu.0.326 million on account of water and sewerage charges between the months of November 2015 and November 2016. The Municipal Office had collected a total of Nu.1.333 million on account of the water & sewerage charges, rental charges and defuse collector charges, of which Nu.0.326 million was found short-deposited by the concerned dealing official. The Dzongkhag Administration reported of having reviewed the matter and verified the actual shortage as Nu.0.302 million, which was subsequently deposited into the CD Account.

The Dzongkhag Administration also reported of having initiated administrative action against the official for the lapses vide letter numbered *MD/HRS-09/2017/4891* dated *16th June 2017* to withhold the officials annual increment for 3 years with effect from 1st July 2017. Further, while the actual amount of Nu.0.302 million of non-revenue collections were recovered, the penal interest of 24% per annum on the actual amount was not recovered and thus still remains pending. The last date for payment was 30th June 2017 as per the letter. *AIN: 14538; Para: 5; Accountabilities: Direct: Sonam Dema, Sr. Technician, EID No. 200501079; Supervisory: Chhabi Lal Das, DE, EID No.8808036*

Status: *Para was resolved as the amount was deposited and administration action taken by the Dzongkhag as per letter No.MD/HRS-09/2017/4891 dated 16.06.2017.*

2. Shortfalls, lapses & deficiencies – Nu.3.668 million

There were cases of shortfalls, lapses & deficiencies involving Nu.3.713 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
2.1	Excess payment to contractor	0.212	-	0.212
2.2	Irregularities in the development of Education Database Management System	3.110	-	3.110
2.3	Inadmissible payment of TA/DA	0.391	0.045	0.346
	Total	3.713	0.045	3.668

The cases of shortfalls, lapses & deficiencies are as indicated below:

2.1. EXCESS PAYMENT TO CONTRACTOR - NU.0.212MILLION

The Dzongkhag Administration, Monggar had made excess payments of Nu.0.212 million to contractor in the construction of Access Road to Sanitary Landfill at Brakpashong under Konbar, Mongar. The excess payment was due to differences in the quantities of work actually executed at site and quantities of work claimed for in the bills, which had apparently occurred due to improper verification and certification of contractor's bills for payment and failure on the part of the Supervising Engineer to carry out necessary checks to ensure the admissibility of contractor's claims. *AIN: 14538; Para: 1; Accountabilities: Direct: Tshering Gyeltshen, AE, EID No. 2007056; Supervisory: Sonam Tashi, DE, EID No.200801079*

Status: *Para remained unresolved.*

2.2. IRREGULARITIES IN THE DEVELOPMENT OF EDUCATION DATABASE MANAGEMENT SYSTEM - NU.3.110 MILLION

The Dzongkhag Administration, Monggar had irregularities in the development of the 'Education Database Management System' which costed Nu.3.110 million. The Education Database Management System was intended to provide various education information modules including student details, subject-wise & class-wise result sheets, gender-wise student pass out record, and other related information such as class attendance, class teacher, parents, etc. The system development project was conceptualized through a resolution during the 17th Annual Education Conference held from 25th-31st December 2014. The review of related documents and enquiries with officials concerned revealed the following irregularities:

- i. The payments of Nu.3.110 million was made from the overall budget savings of the Dzongkhag in absence of budget provisions;
- ii. The Ministry of Information and Communications developed 'Application Development Guidelines' and 'Application Development Methodology' was not adhered to;
- iii. The procurement norms were not followed and work was awarded directly;
- iv. The officials of the Dzongkhag ICT section were neither involved, nor end users consulted to identify requirements;

- v. Cost estimates, deliverables and timings were not determined for the project;
- vi. The payments were not directly released to the consulting firm;
- vii. The focal person appointed for the system development was already engaged for maintenance of computers & peripherals in schools under the Dzongkhag incurring additional cost of Nu.0.355 million on account of DSA and mileage;
- viii. The proposal was put up to the Dzongrab through the District Education Officer directly by the focal person, who was not an employee of the Dzongkhag;
- ix. The system had not been developed and delivered despite huge investment at the time of audit; and
- x. Payment included charges for hosting the system/service in Singapore, which may lead to issues of ownership, security and sustainability, as well as recurring costs in terms of service charges that may be dictated by the service providers.

Engaging in the development of system by individual Dzongkhag without concurrence and consultation with relevant authorities could result in duplication and waste of resources. Given the modus operandi involved in the entire project, which disregarded the prescribed norms, the possibilities of malpractice could not be ruled out. The successful development and completion of the project remains doubtful. *AIN: 14538; Para: 8; Accountabilities: Direct: Dorji Pasang, Chief DEO, EID No. 9507331; Ugyen Thinley, Asstt. DEO, EID No. 9006056; Supervisory: Dorji Pasang, Chief DEO, EID No. 9507331*

Status: *Para remained unresolved.*

2.3. INADMISSIBLE PAYMENT OF TA/DA - NU.0.346 MILLION

The Dzongkhag Administration, Monggar had made inadmissible payments of TA/DA amounting to Nu.0.391 million to two persons who were not under the payroll of the Dzongkhag Administration. *AIN: 14538; Para: 9; Accountabilities: Direct: Kinga Rinzin, ICT, CID No. 10710002287; Sonam Darjay, BOC focal person, CID No. 10703002414; Supervisory: Ugyen Thinley, DEO, EID No. 9006056; Pasang Dorji, Accountant, EID No. 20130802307*

Status: *Partially resolved. Out of Nu.0.391 million; Nu.0.045 million was deposited into ARA vide R/No.469211 dated 16/08/2018 leaving a balance of Nu.0.346 million.*

1.1.2.4. DZONGKHAG ADMINISTRATION, TRONGSA

Out of the total unresolved irregularities of Nu.3.288 million reported to the Parliament in June 2018, the Dzongkhag Administration, Trongsa had resolved irregularities of Nu.0.460 million leaving a balance of Nu.2.828 million as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Mismanagement	1.334	-	1.334	-
2	Violation of laws and rules	0.842	-	0.842	-
3	Shortfalls, lapses and deficiencies	1.112	0.460	0.652	41.37
Total		3.288	0.460	2.828	

The detailed status of irregularities reported to the Parliament in June 2018; irregularities resolved thereafter and unresolved as on 30/09/2018 are as discussed below:

1. Mismanagement - Nu.1.334 million

There were cases of mismanagement involving Nu.1.334 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
1.1	Non-adherence to the expert's recommendation with resultant additional/wasteful expenditure	1.334	-	1.334
1.2	Lapses in operation of Decentralization Support Programme Fund	-	-	-
Total		1.334	-	1.334

The cases of mismanagement are as indicated below:

1.1. NON-ADHERENCE TO THE EXPERT'S RECOMMENDATION WITH RESULTANT ADDITIONAL/WASTEFUL EXPENDITURE - NU.1.334 MILLION

The Dzongkhag Administration, Trongsa had incurred wasteful expenditure of Nu.1.334 million by not adhering to the expert's recommendations in the construction of two-unit staff quarters for the Dzongkhag Veterinary Hospital (DVH). The Geo-Technical Report by the Department of Geology and Mines had recommended for the construction of deep garland type drain; deep enough to intersect the flow of ground water, in order to stabilize the whole area.

However, the Dzongkhag Administration had only considered the recommendation for constructing one-storied structures and ignored the recommendation for construction of drain. During monsoon, a massive landslide behind the staff quarters resulted in the award of additional work of construction of breast wall at an estimated cost of Nu.0.508 million. The monsoon had also washed away the retaining walls in front of DVH and Staff Quarter valuing Nu.0.826 million. *AIN: 14570; Para: 28; Accountabilities: Direct: Sherab Tenzin, DLO, EID No. 9507132; Supervisory: Sherab Tenzin, DLO, EID No. 9507132*

Status: Para remained unresolved.

1.2. LAPSES IN OPERATION OF DECENTRALIZATION SUPPORT PROGRAMME FUND

The Department of Local Governance, MoHCA through Dzongkhag Administration, Trongsa had allocated the *UNDP, UNCDF, SNV, and Danida funded 'Decentralization Support Programme' (DSP)* fund to Drakteng Gewog for the establishment of dairy farm in June 2003. Upon completion of the project in December 2006, the Revolving Fund Account was maintained. The DSP fund was utilised as interest free loans to beneficiaries for purchase of jersey cows and the beneficiaries were required to repay the amount in three installments in three years.

However, there were lapses in the operation of the Revolving Fund as there were no documentations and details such as operational guidelines or terms of references, bank statements. The total funds made available to Gewog or released by the donors were also not documented by the Gewog office or the Livestock Sector of the Dzongkhag. Proper books of accounts were neither maintained by the Dzongkhag Administration nor the Gewog Administration.

The bank balance as on 29th November 2016 was Nu.0.015 million against the total fund of Nu.2.100 million received (as acknowledged by the Gewog officials) for which there is no supporting documents. Out of the total fund, Nu.0.584 million was utilized for construction of ORC & Retention Wall at Tashidingkha. The Dzongkhag Administration as a central authority has been advised to initiate appropriate review and confirm the status of the funds. *AIN: 14570; Para: 25; Accountabilities: Direct: Kinzang Dorji, Gup, CID No.11701001704; Supervisory: Kinzang Dorji, Gup, CID No.11701001704*

Status: Para remained unresolved.

2. Violation of Laws & Rules - Nu.0.842 million

There were cases of violation of laws & rules involving Nu.0.842 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
2.1	Under-booking of Expenditure	0.076	-	0.076
2.2	Execution of work other than specification	-	-	-
2.3	Non-rectification of defective works	-	-	-
2.4	Non/Short levy of liquidated damages	0.399	-	0.399
2.5	Acceptance of sub-standard works	0.367	-	0.367
	Total	0.842	-	0.842

The cases of violation of laws & rules are as indicated below:

2.1. UNDER-BOOKING OF EXPENDITURE - NU.0.076 MILLION

The Dzongkhag Administration, Trongsa had under booked capital expenditure of Nu.0.076 million for the construction of Aqua Privy Toilet and Entrance Gate at Langthel LSS. The net final bill amount of Nu.0.558 million was booked as expenditure instead of total final bill amount of Nu.0.634 million with a resultant short booking of the final bill payment by Nu.0.076 million. The lapses had occurred due to inadequate verification of Running Account Bills of the contractor by the Dzongkhag Administration. *AIN: 14570; Para: 6; Accountabilities: Direct: Kishor Kumar Rai, Accountant, EID No. 201007223; Supervisory: Sangay Chojay, Accounts Officer, EID No. 20160106472*

Status: *Para remained unresolved.*

2.2. EXECUTION OF WORK OTHER THAN SPECIFICATION

The Dzongkhag Administration, Trongsa had accepted items of works which was not executed as per specifications in the construction of Monmaygang Jueg Irrigation Channel at Nimshong. The inspection of works executed revealed the use of soil in lieu of sand for plastering the irrigation channel. The providing and laying of hand packed stone filling or soling with stone at the base of irrigation channel was not executed and the base was simply applied by plastering over the ground/soil. *AIN: 14570; Para: 2(a); Accountabilities: Direct: Dorji Phuntsho, EID No. 20140103501; Supervisory: Karma Wangdi, ADAO, EID No.9007094*

Status: *Para remained unresolved.*

2.3. NON-RECTIFICATION OF DEFECTIVE WORKS

- a) The Dzongkhag Administration, Trongsa had not directed the contractor to rectify defective works noted in the construction of Irrigation Channel at Karshong under Nubi Gewog. While it was noted that major parts of irrigation drains had been washed away due to heavy and incessant monsoon rain, the defects had occurred during the defect liability period and the contractor was liable to rectify the work. *AIN: 14570; Para: 7; Accountabilities: Direct: Phuntsho Galey, Site Engineer, EID No. 20140103513; Supervisory: Karma Wangdi, ADAO, EID No. 9507115*

Status: *Para remained unresolved.*

- b) The Dzongkhag Administration had not directed the contractor to rectify defects noted in the ceiling works of two-unit staff quarter in the construction of Dzongkhag Veterinary Hospital. The beads for ceiling work had fallen off and the paint on the beads were not done properly as the contractor had provided a very thin coat of acrylic washable distemper. In addition, the gaps between the pre-laminated particleboards were very wide. The lapses had occurred due to improper monitoring and supervision

exercised by the official concerned. *AIN: 14570; Para: 31; Accountabilities: Direct: Passang Dorji, DPE, EID No. 820141; Supervisory: Phuntsho Galey, JE, EID No. 2014103513*

Status:Para remained unresolved.

- c) The Dzongkhag Administration had not directed the contractor to rectify defects noted in the construction of working bench with tiles in laboratory that was awarded as an additional work in the construction of Dzongkhag Veterinary Hospital. The support walls for the RCC bench were unevenly constructed and tilted. *AIN: 14570; Para: 32; Accountabilities: Direct: Passang Dorji, DPE, EID No. 820141; Supervisory: Phuntsho Galey, JE, EID No. 2014103513*

Status:Para remained unresolved.

2.4. NON/SHORT LEVY OF LIQUIDATED DAMAGES - NU.0.399 MILLION

- a) The Dzongkhag Administration, Trongsa had not levied liquidated damages of Nu.0.195 million for delay in supply of sewer suction cum jetting machine by 61 days. *AIN: 14570; Para: 23; Accountabilities: Direct: Tshewang Rinzin, EID No. 200608017; Supervisory: Tshewang Rinzin, EID No. 200608017*

Status:Para remained unresolved.

- b) The Dzongkhag Administration, Trongsa had not levied liquidated damages amounting to Nu.0.136 million for delays in completion of the construction of MonmaygangJueg Irrigation Channel at Nimshong. The contract period was from 7th November 2015 to 7th June 2016 and at the time of audit in November 2017, the work was still incomplete. *AIN: 14570; Para: 2(b); Accountabilities: Direct: Dorji Phuntsho, EID No. 20140103501; Supervisory: Karma Wangdi, ADAO, EID No.9007094*

Status:Para remained unresolved.

- c) The Dzongkhag Administration, Trongsa had short deducted liquidated damages amounting to Nu.0.068 million from the contractor for delay in completion of works in the site development works and construction of approach road for the proposed BHU-I at Dangdung. The Dzongkhag Administration had deducted Nu.0.085 million as LD for delays, but upon re-computation, the contractor was liable for LD of Nu.0.153 million which resulted in short deduction by Nu.0.068 million. The lapses had occurred due to inadequate internal controls to review the computations of applicable liquidated damages in passing the contractor's bills by the dealing officials. *AIN: 14570; Para: 15(a); Accountabilities: Direct: Phuntsho Galay, JE, EID No. 20140103513; Supervisory: Passang Dorji, DPE, EID No. 8201041*

Status:Para remained unresolved.

2.5. ACCEPTANCE OF SUB-STANDARD WORKS - NU.0.367 MILLION

- a) The Dzongkhag Administration, Trongsa had accepted sub-standard paneling works valuing Nu.0.237 million noted in both constructions of the two-unit staff quarter and the Dzongkhag Veterinary Hospital. The finishing on the paneling work was not up to the standard and the surface was rough despite applying two coats of polish. *AIN: 14570; Para: 29; Accountabilities: Direct: Phuntsho Galey, EID No. 20140103513; Supervisory: Phuntsho Galey, JE, EID No. 2014103513*

Status: *Para remained unresolved.*

- b) The Dzongkhag Administration, Trongsa had accepted defective works valuing Nu.0.130 million noted in the flooring works in the construction of Dzongkhag Veterinary Hospital. The workmanship for providing and laying marble chips flooring was found inadequate, the marble was not polished properly for providing smooth surface and shine. The floor was found uneven with many undulations. *AIN: 14570; Para: 33; Accountabilities: Direct: Passang Dorji, DPE, EID No. 820141; Supervisory: Phuntsho Galey, JE, EID No. 2014103513*

Status: *Para remained unresolved.*

- c) The Dzongkhag Administration, Trongsa had accepted defective works noted in the construction of Gallery and RCC Wall at Sherabling Higher Secondary School. Major cracks had developed on basketball court and the structure was unusable. Despite rectifications carried out, problems had still persisted due to instability of soil. The lapses had apparently occurred due to non-conducting of geo-feasibility study for landscape on which the basketball court was constructed. *AIN: 14570; Para: 16(c); Accountabilities: Direct: Phuntsho Galay, JE, EID No. 20140103513; Supervisory: Passang Dorji, DPE, EID No. 8201041*

Status: *Para remained unresolved.*

- d) The Dzongkhag Administration, Trongsa had accepted defective works in the construction of two-unit staff quarter for the Dzongkhag Veterinary Hospital. The marble chips flooring in both toilets were poorly executed and the uneven floor was causing water to pool and stagnate. In addition, there were defects in the plumbing works as evident from the water seepage noticed on the outer walls of the toilets. *AIN: 14570; Para: 30; Accountabilities: Direct: Passang Dorji, DPE, EID No. 820141; Supervisory: Phuntsho Galey, JE, EID No. 2014103513*

Status: *Para remained unresolved.*

3. Shortfalls, lapses & deficiencies - Nu.0.625 million

There were cases of shortfalls, lapses & deficiencies involving Nu.0.625 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in	Settled (Nu. in	Unsettled as on 30/09/2018
---------	----------------------	-----------------------	-----------------	----------------------------

		June 2018 (Nu. in million)	million)	(Nu. in million)
3.1	Double payment to contractor	0.142	-	0.142
3.2	Inadmissible payments	0.445	0.428	0.017
3.3	Excess payment	0.525	0.032	0.493
	Total	1.112	0.460	0.652

The cases of shortfalls, lapses & deficiencies are as indicated below:

3.1. DOUBLE PAYMENT TO CONTRACTOR - NU.0.142 MILLION

The Dzongkhag Administration, Trongsa had made double payments amounting to Nu.0.142 million to the contractor in the construction of Dzongkhag Veterinary Hospital. It was noted that the items of works paid in full in 1st Running Account (RA) Bill were included and paid in the 2nd RA bill resulting in double payment for the same work. *AIN: 14570; Para: 38; Accountabilities: Direct: Passang Dorji, DPE, EID No. 820141; Supervisory: Phuntsho Galey, JE, EID No. 201410351*

Status: *Para remained unresolved.*

3.2. INADMISSIBLE PAYMENTS - NU.0.017 MILLION

- a) The Dzongkhag Administration, Trongsa had made inadmissible payments of allowances amounting to Nu.0.379 million to officials on long term trainings/leave. The officials were paid full salaries beyond 12 months. Allowances were also found paid which were inadmissible. The lapses had occurred due to inadequate internal controls in sanctioning of leave and regulating the entitlements. *AIN: 14570; Para: 22; Accountabilities: Direct: Phub Dorji, EID No. 20101681; Supervisory: Phub Dorji, EID No. 20101681*

Status: *Partially resolved. Out of Nu.0.379 million; Nu. 0.376 million was deposited with the RAA leaving a balance of Nu.0.003 million.*

- b) The Dzongkhag Administration, Trongsa had made inadmissible payments of allowances amounting to Nu.0.066 million to an official on study leave without salary. The lapses had apparently occurred due to lack of communication between the relevant sector and finance section. *AIN: 14570; Para: 21; Accountabilities: Direct: Ugyen Tenzin, EID No. 200807133; Supervisory: Ugyen Tenzin, EID No. 200807133*

Status: *Partially resolved. Out of Nu.0.066 million; Nu.0.052 was deposited with the RAA leaving a balance of Nu.0.014 million.*

3.4. EXCESS PAYMENT – NU.0.493 MILLION

- a) The Dzongkhag Administration, Trongsa had made excess payments amounting to Nu.0.166 million in the construction of MonmaygangJueg Irrigation Channel at Nimshong due to payments made for quantities in excess of quantities actually executed at site. The lapses had occurred due to inadequate monitoring and supervision of the works by the Supervising Engineer as well as certification of work without completion to avoid budget lapse. *AIN: 14570; Para: 2(c); Accountabilities: Direct: Dorji Phuntsho, EID No. 20140103501; Supervisory: Karma Wangdi, ADAO, EID No.9007094*

Status: *Para remained unresolved.*

- b) The Dzongkhag Administration, Trongsa had made excess payments amounting to Nu.0.164 million to the contractor in the construction of Two-Unit Staff Quarter. Excess payments were on account of non-deduction of Pad foundation from the walls, wrong measurement of height and non-deduction of RCC beams and columns from the brickwork in superstructure, and double payments for 'providing and laying dry earth bedding'. The lapses had occurred apparently due to lack of due diligence exercised by officials concerned while certifying the claims. *AIN: 14570; Para: 39; Accountabilities: Direct: Passang Dorji, DPE, EID No. 820141; Supervisory: Phuntsho Galey, JE, EID No. 2014103513*

Status: *Para remained unresolved.*

- c) The Dzongkhag Administration, Trongsa had made excess payments amounting to Nu.0.107 million to the contractor in the site development works and construction of approach road for the proposed BHU-I at Dangdung due to payments made for quantities in excess of quantities actually executed at site. The lapses had occurred apparently due to inadequate monitoring and supervision of the site during the execution as well as certifying the claims of the contractor. *AIN: 14570; Para: 15(b); Accountabilities: Direct: Phuntsho Galay, JE, EID No. 20140103513; Supervisory: Passang Dorji, DPE, EID No. 8201041*

Status: *Para remained unresolved.*

- d) The Dzongkhag Administration, Trongsa had made excess payments amounting to Nu.0.056 million to the contractor in the construction of Dzongkhag Veterinary Hospital due to non-deduction of RCC beams and columns from the brickwork in superstructures. *AIN: 14570; Para: 37; Accountabilities: Direct: Passang Dorji, DPE, EID No. 820141; Supervisory: Phuntsho Galey, JE, EID No. 2014103513*

Status: *Para remained unresolved.*

- e) The Dzongkhag Administration, Trongsa had made excess payments of Nu.0.032 million in the construction of six-unit classroom block at Samcholing Primary School due to payments made for the items not provided at site and measurements beyond the actual work done. The Dzongkhag had accepted the lapses which had occurred due to inadequate monitoring and supervision of the site during the execution as well as certifying the claims of the contractor. *AIN: 14570; Para: 19; Accountabilities: Direct: Dendup Wangmo, EID No. 200807183; Supervisory: Passang Dorji, DPE, EID No. 8201040*

Status: *Para was resolved based on the joint re-measurement done by the District Engineer, site Engineer and Accounts officer as per letter No.DAT/ES-*

15/2017/4498 dated 13.02.2018 and Nu.7,400.00 deposited into ARA vide Rt. No.469141 dated 11.04.2018.

1.1.2.5. DZONGKHAG ADMINISTRATION, PARO

Out of the total unresolved irregularities of Nu.2.410 million reported to the Parliament in June 2018, the Dzongkhag Administration, Paro had not resolved any irregularities as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Violation of laws and rules	0.931	-	0.931	-
2	Shortfalls, lapses and deficiencies	1.479	-	1.479	-
Total		2.410	-	2.410	

The detailed status of irregularities reported to the Parliament in June 2018 which remained unresolved as on 30/09/2018 are as discussed below:

1. Violation of Laws & Rules - Nu.0.931 million

The case of violation of laws & rules is as indicated below:

1.1. NON-LEVY OF LIQUIDATED DAMAGES AND ABNORMAL GRANT OF TIME EXTENSION - NU.0.931MILLION

The Dzongkhag Administration, Paro had not levied liquidated damages amounting to Nu.0.931 million for delays and non-completion of works in the reconstruction of Jela Dzong. In addition, the management had not terminated the contract upon expiry of contract period on 2nd December 2015, and had instead granted time extensions, in anticipation that the works will be completed in the extended period. The case is sub judice. *AIN: 14565; Para: 8.2; Accountabilities: Direct: Kencho Wangdi, Asstt. Engineer, EID No.200409002; Supervisory: Kencho Dorji, Dzongkhag Engineer, EID No.9707052*

***Status:** Para remained unresolved. As per the letter No.PADZONG/ZEYTSE-18/2018-19/2102 dt. 14/09/2018, the case is subjudice in the Dzongkhag Court, Paro.*

2. Shortfalls, lapses & deficiencies - Nu.2.410 million

The case of shortfalls, lapses & deficiencies is as indicated below:

2.1. EXCESS PAYMENT - NU.1.479 MILLION

The Dzongkhag Administration, Paro had made excess payments of Nu.1.479 million in the reconstruction of Jela Dzong. The Dzongkhag Administration had paid the contractor

a total of Nu.10.790 million against the value of actual works executed of Nu.9.312 million. Review of the Running Account Bills revealed that bill payments were not based on actual physical progress of work executed at site, but were instead paid based on the estimated quantities as per the Bill of Quantities. The concerned site engineer had failed to exercise due diligence while verifying claims/bills for payments, and while maintaining the measurement book. The case is sub judice. *AIN: 14565; Para: 8.1; Accountabilities: Direct: Kencho Wangdi, Asstt. Engineer, EID No.200409002; Supervisory: Kencho Dorji, Dzongkhag Engineer, EID No. 9707052*

Status: Para remained unresolved. As per the letter No.PADZONG/ZEYTSE-18/2018-19/2102 dt. 14/09/2018, the case is subjudice in the Dzongkhag Court, Paro.

1.1.2.6. DZONGKHAG ADMINISTRATION, PUNAKHA

Out of the total unresolved irregularities of Nu.2.121 million reported to the Parliament in June 2018, the Dzongkhag Administration, Punakha had resolved irregularity without monetary value leaving a balance of Nu.2.121 million as on 30/09/2018. However, one irregularity without monetary quantification was resolved as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Violation of laws and rules	-	-	-	100
2	Shortfalls, lapses and deficiencies	2.121	-	2.121	-
	Total	2.121	-	2.121	

The detailed status of irregularities reported to the Parliament in June 2018; irregularity resolved and unresolved as on 30/09/2018 are as discussed below:

1. Violation of Laws & Rules

The case of violation of laws & rules is as indicated below:

1.1. NON-DECLARATION OF ASSET FOR THE YEAR 2015

An official of the Dzongkhag Administration, Punakha had not declared his assets as per the Asset Declaration Rules 2012. *AIN: 14629; Para: 5; Accountabilities: Direct: Kinley Wangdi, Sr. Forest Ranger III, EID No. 200507173; Supervisory: Sangay Wangchuk, Internal Auditor, EID No.2014010338*

Status: Para was resolved based on justification submitted vide letter No.DAP/PER-185/2018/285, Dated: 25/07/2018.

2. Shortfalls, lapses & deficiencies - Nu.2.121 million

The case of shortfalls, lapses & deficiencies is as indicated below:

2.1. LAPSES IN THE LAYING OF SEWER NETWORKS AT KHURUTHANG TOWN - NU.2.121 MILLION

The Dzongkhag Administration, Punakha had not enforced terms and conditions of the contract for the reinstatement of roads damaged by the contractor for laying of Sewer Networks at Khuruthang town. The damages were neither repaired by the contractor, nor equivalent cost of Nu.1.260 million recovered from the contractor. Also, the Dzongkhag Administration had not deducted 2% rebate of Nu.0.276 million offered by the contractor. Further, the contractor was paid for 92 manholes against 86 standard manhole chambers executed at site as observed during physical verification with resultant excess payment of Nu.0.584 million. The Site Engineer and the Supervising Engineer had failed to exercise due diligence in monitoring and supervising the works executed as well as failed to properly verify claims for payment of bills. *AIN: 14629; Para: 1; Accountabilities: Direct: Aiman Limboo, AE, EID No.2012010014; Supervisory: Tandin Dorji, DE, EID No. 200401026*

Status: Para remained unresolved. As per the letter No.DAP/Finance/06/2017-2018 dated 19/02/2018, the case is with Arbitration Facilitation Center, CDB, Thimphu.

1.1.2.7. DZONGKHAG ADMINISTRATION, DAGANA

Out of the total unresolved irregularities of Nu.1.792 million reported to the Parliament in June 2018, the Dzongkhag Administration, Dagana had resolved irregularities of Nu.0.150 million leaving a balance of Nu.1.642 million as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Violation of laws and rules	1.039	0.150	0.889	14.44
2	Shortfalls, lapses and deficiencies	0.753	-	0.753	-
Total		1.792	0.150	1.642	

The detailed status of irregularities reported to the Parliament in June 2018; irregularities resolved thereafter and unresolved as on 30/09/2018 are as discussed below:

1. Violation of Laws & Rules - Nu.0.889 million

There were cases of violation of laws & rules involving Nu.1.039 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in	Settled (Nu. in	Unsettled as on 30/09/2018
---------	----------------------	-----------------------	-----------------	----------------------------

		June 2018 (Nu. in million)	million)	(Nu. in million)
1.1	Payment without supporting documents	0.050	0.050	-
1.2	Deficiencies in payment and adjustment of advances	0.800	0.100	0.700
1.3	Non-declaration and late submission of Asset Declaration	0.189	-	0.189
	Total	1.039	0.150	0.889

The cases of violation of laws & rules are as indicated below:

1.1. PAYMENT WITHOUT SUPPORTING DOCUMENTS

The Dzongkhag Administration, Dagana had made payments amounting to Nu.0.050 million based on the approvals, but without any supporting documents such as bills and cash memos to substantiate the expenditure. The administration reported that the payments were made for the Construction of a temporary Choekhang for the consecration of the Dzong. The Dzongkhag Administration indicated that the expenses were incurred for sawing of timber, transportation, construction and decoration of the Choekhang, but there were no relevant documents to validate the expenditure. *AIN: 14526; Para: 7.2; Accountabilities: Direct: Choki Dorji, Acctt. Asstt. EID No.2009071882; Supervisory: Dophu, Accounts Officer, EID No. 200607056*

***Status:** Para was resolved based on supporting documents submitted letter No.DDA/Acctts-01/2017-2018/969 of 16/03/2018.*

1.2. DEFICIENCIES IN PAYMENT AND ADJUSTMENT OF ADVANCES - NU.0.700 MILLION

The Dzongkhag Administration, Dagana had overdue advances amounting to Nu.0.800 million for more than two years. An advance of Nu.1.500 million had been released to the Lam Neten of Dagana Dzongkhag for procurement of Thongdrel. The Gups of 14 gewogs had agreed to contribute Nu.0.100 million each from the GDG funds and the Dratshang had agreed to contribute the remaining Nu.0.100 million to raise Nu.1.500 million for the Thongdrel.

However, the Dzongkhag Administration had received only Nu.0.700 million deposited by seven gewogs into the Moelam Chhenmo Account. Two gewogs had not made the contribution of Nu.0.200 million as agreed. The remaining Nu.0.600 million was due for refund from the Lam Neten, being the amount of Nu.0.500 million issued as cheques to Lam Neten by five Gewogs and Nu.0.100 million contributions of the Dratshang, which was initially paid by the Dzongkhag Administration. *AIN: 14526; Para: 7.1; Accountabilities: Direct: Daw Wangdi, Rabdhey Drungchen, CID No. 10306000794; Karma Tshering, Drujegang Gup, CID No.10310001047; Dhan Bdr. Rana, Tsendagang Gup, CID No. 10309000585; Supervisory: Tenzin Namgay, Lam Neten, CID No. 11903000335; Dophu, Accounts Officer, EID No. 200607056*

Status: Partially resolved. Out of the total amount of Nu.0.800 million; Nu.0.100 million settled vide Follow-up Report No. RAA/OAAG(T)/FUS-01/2018-2019/0027 dated 09/07/2018 leaving a balance of Nu. 0.700 million.

1.3. NON-DECLARATION AND LATE SUBMISSION OF ASSET DECLARATION – NU.0.189 MILLION

Three officials of the Dzongkhag Administration, Dagana had not submitted their Asset Declarations for the years 2014 and 2015 as required under the Asset Declaration Rules 2012. The officials were liable to pay a penalty amount of Nu.0.189 million as per the Asset Declaration Rules at the time of audit on 15th October 2016. *AIN: 14526; Para: 4.1; Accountabilities: Direct: Sonam Jamtsho, FR-II, EID No. 9412048; Kinga Singye, LRA-V, EID No. 200809006; Kinley Tenzin, VP, EID No. 200502024; Supervisory: Sonam Yangzom, HRO EID No.201101023*

Status: Para remained unresolved.

2. Shortfalls, lapses & deficiencies - Nu.0.753 million

There were cases of shortfalls, lapses & deficiencies involving Nu.0.753 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
2.1	Non-recovery of penalties imposed for balance work not executed and submission of false Bank Guarantee	0.455	-	0.455
2.2	Excess payment to contractor	0.298	-	0.298
	Total	0.753	-	0.753

The cases of shortfalls, lapses & deficiencies are as indicated below:

2.1. NON-RECOVERY OF PENALTIES IMPOSED FOR BALANCE WORK NOT EXECUTED AND SUBMISSION OF FALSE BANK GUARANTEE - NU.0.455 MILLION

The Dzongkhag Administration, Dagana had not recovered Nu.0.455 million on account of penalty for non-completion of work valuing to Nu.3.348 million in the construction of two storied Bhutan Agriculture and Food Regulatory Authority Office at Dagana. As per GCC 60.1 of SBD, penalty should be applied 20% for the work not completed but not beyond a maximum of 10% of the initial contract price. The case was forwarded to Royal Court of Justice, Dagana vide letter no. BAFRA/DD/20/2015-16/83 dated 30th March 2016 and is sub judice.

Further, the contractor had submitted a Bank Guarantee in lieu of performance security for the contract work, which pertained to the construction of Drasha at Paga Goenpa, under Chukha Dzongkhag. *AIN: 14526; Para; 3.2; Accountabilities: Direct: Ugyen Dorji, In-*

Charge, EID No. 8106021; Dzeko Dorji, In-charge, EID No. 2008108; Supervisory: Jamyang Phuntsho, Chief, EID No.2101017

Status: Para remained unresolved.

2.2. EXCESS PAYMENT TO CONTRACTOR - NU.0.298 MILLION

The Dzongkhag Administration, Dagana had made excess payments of Nu.0.298 million on account of advances granted to the contractor which were not recovered in full at the time of termination of contract. The management had failed to recover the advances released to the contractor before terminating the contract as the quantity of work executed at site was not enough to liquidate the contractor's advances. The case was forwarded to the Royal Court of Justice, Dagana vide letter number BAFRA/DD/20/2015-16/83 dated 30th March 2016 and is sub judice. *AIN: 14526; Para: 3.1; Accountabilities: Direct: Ugyen Dorji, In-charge, EID No. 8106021; Dzeko Dorji, In-charge, EID No. 2008108; Supervisory: Jamyang Phuntsho, Chief, EID No.2101017*

Status: Para remained unresolved.

1.1.2.8. DZONGKHAG ADMINISTRATION, PEMAGATSHEL

Out of the total unresolved irregularities of Nu.1.425 million reported to the Parliament in June 2018, the Dzongkhag Administration, Pemagatshel had not resolved any irregularities as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	1.425	-	1.425	-
	Total	1.425	-	1.425	

The detailed status of irregularity reported to the Parliament in June 2018 which remained unresolved as on 30/09/2018 is as discussed below:

1. Shortfalls, lapses & deficiencies - Nu.1.425 million

The case of shortfalls, lapses & deficiencies is as indicated below:

1.1. NON-RECOVERY OF ADVANCE EVEN AFTER COMPLETION OF WORKS - NU.1.425MILLION

The Dungkhag Administration, Nganglam had overdue advances amounting to Nu.1.425 million against contractor that was not recovered even after completion of works in the construction of boundary wall at Potonala. The work was completed on 1st March 2016 and handed over on 3rd March 2016. While the initial value of work awarded was Nu.4.727 million, after reduction in the scope of work, the value of work was reduced to

Nu.3.007 million. A total of Nu.2.323 million were paid to the contractor on account of 10% Mobilization Advance and 75% Secured Advance against materials brought to site, of this only Nu.0.898 had been adjusted leaving a balance of Nu.1.425 million. The case had been forwarded to the Royal Court of Justice and is subjudice. *AIN: 14474; Para: 1.1; Accountabilities: Direct: Pabita Rai, JE, EID No. 201101227; Supervisory: Pema Tobgyel, Dasho Dzungpa, EID No. 8805185*

Status: Para remained resolved. As per the review report of RAA/OAAG-SJ(AR-141)DA-Nganglam/2017/326 dated 20/10/2017 the case is in the court.

1.1.2.9. DZONGKHAG ADMINISTRATION, WANGDUEPHODRANG

The Dzongkhag Administration resolved irregularity of Nu.0.469 million reported to the Parliament in June 2018 as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Violation of laws and rules	0.469	0.469	-	100
	Total	0.469	0.469	-	

The detailed status of irregularities reported to the Parliament in June 2018 which was resolved as on 30/09/2018 are as discussed below:

1. Violation of Laws & Rules

The cases of violation of laws & rules are as indicated below:

1.1. UN-SPENT CLOSED WORK BALANCE

The Dzongkhag Administration, Wangduephodrang had an un-spent Closed Work balance amounting to Nu.0.469 million pertaining to FY 2014-2015 which was not refunded to DPA, MoF even at the time of audit in April 2017. This was in contravention to the MoF Circular No. *DPA(AD)-Circular/2009-10/7579* dated 6th April 2010 which stipulates that funds deposited into the Refundable Account should be sought by the Budgetary agencies within July to clear the closed work account and under no circumstances should transactions be passed on to succeeding months. *AIN: 14743; Para: 5; Accountabilities: Direct: Kelzang Wangchuk, AE, EID No.9507036; Supervisory: Lhapchu, DE, EID No.8601092*

Status: Para was resolved based on justification & supporting documents submitted vide letter No.DAW/ACC-32/2017-2018/1063 dated 13/02/2018.

1.1.2.10. DZONGKHAG ADMINISTRATION, HAA

Out of the total unresolved irregularities of Nu.0.458 million reported to the Parliament in June 2018, the Dzongkhag Administration, Haa had not resolved any irregularities as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	0.458	-	0.458	-
	Total	0.458	-	0.458	

The detailed status of irregularities reported to the Parliament in June 2018 which remained unresolved as on 30/09/2018 are as discussed below:

1. Shortfalls, lapses & deficiencies - Nu.0.458 million

There were cases of shortfalls, lapses & deficiencies involving Nu.0.458 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
1.1	Whereabouts of balance of Nu.0.010 million retained and non-production of distribution list	0.397	-	0.397
1.2.	Outstanding advances	0.061	-	0.061
	Total	0.458	-	0.458

The cases of shortfalls, lapses & deficiencies are as indicated below:

1.1. WHEREABOUTS OF BALANCE FUND OF NU.0.010 MILLION RETAINED AND NON-PRODUCTION OF DISTRIBUTION LIST - NU.0.397 MILLION

The Dzongkhag Administration, Haa had failed to produce documents for a sum Nu.0.010 million pertaining to the Firewood Royalty Income received from IMTRAT for audit verification. The balances had been retained by the Gups/gewogs and were not recovered by the Dzongkhag Administration. Discrepancies were noted in the amounts of disbursed to households as against actual amounts disbursed to gewogs (based on total number of households).

Further, the management failed to produce records/distribution lists for the disbursement of the Firewood Royalty Income amounting to Nu.0.397 million that were distributed to the six gewogs and Haa Throm for two consecutive years from 2014-15 to 2015-16. *AIN: 14438; Para: 3.2; Accountabilities: Direct: Ugyen, Ex-Gup, Bji CID No. 10501001692; Chundu, Ex Gup, Katsho, CID No. 10503000855; Tobgay, Ex-Gup, Sombay, CID No. 10505000666; Tenzin Jambay, Ex-Gup, Esu, CID No. 10502000312; Nim Dorji, Ex-Gup, Gakidling, CID No. 10505000396; and Tshewang Tandin, Ex-Gup, Samar, CID No.*

10504001879; Supervisory: Ugyen, Ex- Gup, Bji, CID No. 10501001692; Chundu, Ex-Gup, Katsho, CID No. 10503000855; Tobgay, Ex-Gup, Sombay, CID No. 10505000666; Tenzin Jambay, Ex-Gup, Esu, CID No. 10502000312; Nim Dorji, Ex-Gup, Gakidling, CID No. 10505000396; and Tshewang Tandin, Ex-Gup, Samar, CID No. 10504001879

Status: Para remained unresolved. The latest status was sent vide letter No. RAA/FUCD(Q3)2018/2645 dated 10/09/18 and response is awaited.

1.2. OUTSTANDING ADVANCES - NU.0.061 MILLION

The Dzongkhag Administration, Haa had overdue advances amounting to Nu.0.061 million lying unadjusted against official and parties. There were Personal Advances amounting to Nu.0.048 million given as salary advance and Public Works Advances amounting to Nu.0.013 million given as fuel advance for approach road clearing and connection works for the new Royal Guest House construction. *AIN: 14438; Para: 4; Accountabilities: Direct: Karma Wangdi, Offtg, AFO, EID No. 9704035; Supervisory: Dasho Kinzang Dorji, Dzongda, EID No. 9306022*

Status: Para remained unresolved. The latest status was sent vide letter No. RAA/FUCD(Q3)2018/2645 dated 10/09/18 and response is awaited.

1.1.2.11. DZONGKHAG ADMINISTRATION, THIMPHU

Out of the total unresolved irregularities of Nu.0.416 million reported to the Parliament in June 2018, the Dzongkhag Administration, Thimphu had resolved all the irregularities as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Violation of laws and rules	0.416	0.416	-	100
	Total	0.416	0.416	-	

The detailed status of irregularities reported to the Parliament in June 2018 which were resolved as on 30/09/2018 are as discussed below:

1. Violation of Laws & Rules - Nu.0.416 million

There were cases of violation of laws & rules involving Nu.0.416 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
1.1	Defective works in the construction of	0.416	0.416	-

	Depsiphakha LAP			
1.2	Delay in completion of works at Depsiphakha LAP	-	-	Settled
Total		0.416	0.416	

The cases of violation of laws & rules are as indicated below:

1.1. DEFECTIVE WORKS IN THE CONSTRUCTION OF DEPSIPHAKHA LAP - NU.0.416 MILLION

The Dzongkhag Administration, Thimphu had not rectified defective works valuing Nu.0.416 million in the construction works executed for Depsiphakha Local Area Plan (LAP). Defects were noted in the Granular sub-base, black topping and drainage works at site with pot holes, sinking of roads with resultant peeling off of black topping and cracks. *AIN: 14457; Para: 1; Accountabilities: Direct: Tenzin Wangda, Engineer, EID No. 9607027; Supervisory: Chabililal Das, Chief Engineer, EID No. 8808036*

Status: Para was settled based on completion of rectification workside letter No. TDA/DES-6/2017-2018/895 dated 14th March, 2018.

1.2. DELAYS IN COMPLETION OF WORKS AT DEPSIPHAKHA LAP

The Dzongkhag Administration, Thimphu had delays in the completion of Depsiphakha LAP. While the Contractor had completed the construction of RCC tank, pump house, installation of Water pump and Electrical works, the testing and commissioning of the water pump had not been carried out at the Depsiphakha LAP as the thrust blocks at the mainline had burst during the testing of the pump. This indicated inadequacies in the installation of water supply system, and thus raises questions on the technical soundness of the entire project. *AIN: 14457; Para: 2; Accountabilities: Direct: Tenzin Wangda, Engineer, EID No. 9607027; Supervisory: Chabililal Das, Chief Engineer, EID No. 8808036*

Status: Para was resolved based on the follow up report dated 22/06/2018 submitted by the subsequent Audit Team as the Dzongkhag had rectified all the works and the water pump reported functional.

1.1.2.12. DZONGKHAG ADMINISTRATION, SAMDRUP JONGKHAR

The Dzongkhag Administration, Samdrupjongkhar had not resolved irregularity of Nu.0.035 million reported to the Parliament in June 2018 as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	0.035	-	0.035	-
	Total	0.035	-	0.035	

The detailed status of irregularities reported to the Parliament in June 2018 which remained unresolved as on 30/09/2018 is as discussed below:

1. Shortfalls, lapses & deficiencies - Nu.0.035 million

There were cases of shortfalls, lapses & deficiencies involving Nu.0.035 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
1.1	Non-deduction of lump sum rebate	0.035	-	0.035
	Total	0.035	-	0.035

The cases of shortfalls, lapses & deficiencies are as indicated below:

1.1. NON-DEDUCTION OF LUMP SUM REBATE - NU.0.035 MILLION

The Dzongkhag Administration, Samdrup Jongkhar had not deducted lump sum rebate of Nu.0.035 million offered by the Contractor in the construction of Caretaker's Residence at Jomotshangkha Dungkhag. The lapses had occurred due to negligence on the part of the concerned Site Engineer, Supervising Engineer and Accounts Section to deduct the lump sum rebate offered by the contractor. *AIN: 14303; Para: 3; Accountabilities: Direct: Tashi Phuntsho, Junior Engineer, EID No. 201101232; Supervisory: Lamdra Wangda, Dungpa, EID No. 9507335*

Status: Para remained unresolved.

1.1.3. GEWOGS ADMINISTRATION

1.1.3.1. GEWOGS ADMINISTRATION UNDER PARO DZONGKHAG

I. NAJA

Out of the total unresolved irregularities of Nu.1.206 million reported to the Parliament in June 2018, the Gewog Administration, Naja had resolved irregularities of Nu.0.186 million leaving a balance of Nu.1.020 million as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Mismanagement	0.400	-	0.400	-
2	Shortfalls, lapses and deficiencies	0.806	0.186	0.620	23.08
	Total	1.206	0.186	1.020	

The detailed status of irregularities reported to the Parliament in June 2018; irregularities resolved thereafter and unresolved as on 30/09/2018 are as discussed below:

1. Mismanagement - Nu.0.400 million

The case of mismanagement involving Nu.0.400 million is as indicated below:

1.1. UNAUTHORIZED DIVERSION OF FUND - NU.0.400 MILLION

The Gewog Administration, Naja had made unauthorized diversion of fund amounting to Nu.0.400 million expended for the constructions of two new farm roads measuring 720 meters and 207 meters without obtaining Environmental Clearance. The expenditure was met from the maintenance budget for 'Improvement of Drali Woju Farm Road under Betekha Chiwog' which did not actually exist. *AIN: 14601; Para: 6.1 & 6.2; Accountabilities: Direct: Kado, Ex-Gup, CID No. 10807001121; Supervisory: Kinley Wangdi, Gup, CID No.10807002291*

Status: Para remained unresolved. The reminder was sent through letter No. RAA/FUCD(R15)2018/-2610 dated 06/09/18 and response is awaited.

2. Shortfalls, lapses and deficiencies - Nu.0.806 million

There were cases of shortfalls, lapses and deficiencies involving Nu.0.806 million as summarised below

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
2.1.	Inadmissible payment	0.306	-	-
2.2.	Excess payment	0.500	0.186	0.314
2.3.	Acceptance of defective works	-	-	-
	Total	0.806		

The cases of shortfalls, lapses and deficiencies are as indicated below:

2.1. INADMISSIBLE PAYMENT - NU.0.306 MILLION

The Gewog Administration, Naja had made inadmissible payment of Nu.0.306 million in the maintenance of Farm Road at lower Tshendu Gonpa. The contractor had claimed for

items of work which required use of Road Roller that was not actually deployed at site with resultant inadmissible payment. The Site Engineer had passed the bills without verifying the actual deployment of machinery at site. The lapses were indicative of weak internal controls. *AIN: 14601; Para: 2; Accountabilities: Direct: Sonam Choden, Asst. Engineer, EID No. 200707078; Supervisory: Kado, Ex-Gup, CID No. 10807001121*

Status:*Para remained unresolved. The reminder was sent through letter No. RAA/FUCD(R15)2018/-2610 dated 06/09/18 and response is awaited.*

2.2. EXCESS PAYMENT - NU.0.0.314 MILLION

The Gewog Administration, Naja had made excess payment of Nu.0.500 million for works not executed in the construction of Susuna farm road. The contractor had claimed for quantities in excess for items of work actually executed at site. The lapses had occurred due to improper verification of contractor's bills against the actual quantities of works executed at site by the Site Engineer and due to failure on the part of the Supervising Engineer to exercise necessary checks to ensure the admissibility of contractor's claims. *AIN: 14601; Para: 3.2; Accountabilities: Direct: Kado, Ex-Gup, CID No. 10807001121; Kelzang Wangmo, GAO, EID NO. 200804007; Kinzang Wangdi, Accountant, EID No. 8712032; Sonam Choden, Asst. Engineer, EID No. 200707078; Supervisory: Kinley Wangdi, Gup, CID No. 10807002291*

Status:*Partially resolved. Out of Nu.0.500 million; Nu.0.186 million has been deposited vide receipt No. 427980 dated 22.6.2018 leaving a balance of Nu.0.314 million.*

2.3. ACCEPTANCE OF DEFECTIVE WORKS

The Gewog Administration, Naja had accepted defective works in the maintenance of Jangbekha Lhakhang. The maintenance works carried out at an estimated cost of Nu.0.500 million had major defects including cracks on several parts of the RRM wall, sinking of ground at some parts of the boundary wall and certain portions of the boundary wall collapsed.

The lapses had occurred mainly due to the poor workmanship and lack of technical capacity of the community contractor, which was further aggravated by the laxity and failure of the concerned Site Engineer and the Supervising Engineer to exercise necessary checks to ensure quality of works done by the community contractor. *AIN: 14601; Para: 7; Accountabilities: Direct: Sonam Choden, Asst. Engineer, EID No. 200707078; Supervisory: Kado, Ex-Gup, CID No. 10807001121*

Status:*Para remained unresolved. Reminder was sent through letter No. RAA/FUCD(R15)2018/-2610 dated 06/09/18 and response is awaited.*

II. WANGCHANG

Out of the total unresolved irregularities of Nu.0.980 million reported to the Parliament in June 2018, the Gewog Administration, Wangchang had not resolved any irregularities as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Mismanagement	0.500	-	0.500	-
2	Shortfalls, lapses and deficiencies	0.480	-	0.480	-
	Total	0.980	-	0.980	

The detailed status of irregularities reported to the Parliament in June 2018 which remained unresolved as on 30/09/2018 are as discussed below:

1. Mismanagement - Nu.0.500 million

There were cases of mismanagement involving Nu.0.500 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
1.1.	Irregularities in providing and fixing of 30 HP Centrifugal Pumps	-	-	-
1.2.	Unjustified & extravagant payment for 30HP Electric Motor pumps - Nu.0.500	0.500	-	-
	Total	0.500		

The cases of mismanagement are as indicated below:

1.1. IRREGULARITIES IN PROVIDING AND FIXING OF WATER PUMPS AND HDPE PIPES

The Centrifugal Pumps with the specification of one 50 Horsepower (HP) electric motor pump was found changed to two 30 HP electric motor pumps and the diameter of HDPE pipes were increased from specified 180mm to 200mm. *AIN: 14596; Para: 1.6; Accountabilities: Direct: Kencho Wangdi, Engineer, EID No. 200409002; Supervisory: Thinley Dorji, Ex-Gup, CID No. 10811002122*

Status: Para remained unresolved.

1.2. UNJUSTIFIED & EXTRAVAGANT PAYMENT FOR 30HP ELECTRIC MOTOR PUMPS - NU.0.500 MILLION

The Gewog Administration had procured two 30 HP electric motor pumps at Nu.0.500 million (Nu.0.250 million each) against the specification of one 50 HP electric motor pump with a quoted rate of Nu.0.065 million which had additional financial implication of Nu. 0.435 million. This resulted into an unjustified & extravagant payment for one 30 HP electric motor pump. The lapses had occurred apparently due to laxity of the dealing

officials in exploring for the most competitive prices, when the rate for the alternative pump was abnormally high. *AIN: 14596; Para: 1.7 & 1.8; Accountabilities: Direct: Kencho Wangdi Engineer, EID No. 200409002; Supervisory: Thinley Dorji, Ex-Gup, CID No. 10811002122*

Status: *Para remained unresolved.*

2. Shortfalls, lapses and deficiencies - Nu.0.480 million

There were cases of shortfalls, lapses and deficiencies involving Nu.0.480 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
2.1.	Non-accountal of extracted materials	0.446	-	-
2.2.	Excess payment	0.034	-	-
2.3.	Defective Work	-	-	-
	Total	0.480		

The cases of shortfalls, lapses and deficiencies are as indicated below:

2.1. NON-ACCOUNTAL OF EXTRACTED MATERIALS - NU.0.446 MILLION

The Gewog Administration, Wangchang had paid Nu.0.446 million on account of hard rock cutting at an analyzed rate of Nu.348.46 per cubic meter for 1,280.30 cubic meter (40% of 3199.94 cubic meter of earth work excavation). However, the hard rock extracted was neither found accounted for in the 'Material at Site' (MAS) register, nor was the value of hard rock adjusted from the payments to contractor. The lapses had occurred apparently due to negligence on the part of the Site Engineer from making necessary record entries in the MAS register. *AIN: 14596; Para: 1.1; Accountabilities: Direct: Kencho Wangdi Engineer, EID No. 200409002; Supervisory: Thinley Dorji, Ex-Gup, CID No. 10811002122*

Status: *Para remained unresolved.*

2.2. EXCESS PAYMENT - NU.0.034 MILLION

The Gewog Administration, Wangchang had made excess payment of Nu.0.034 million for items of works not executed as per Bill of Quantities (BoQ). The lapses had occurred due to improper verification of contractor's claims without ascertaining the actual quantity of work executed as per BoQ by the Site Engineer. *AIN: 14596; Para: 1.4; Accountabilities: Direct: Kencho Wangdi Engineer, EID No. 200409002; Supervisory: Thinley Dorji, Ex-Gup, CID No. 10811002122*

Status: *Para remained unresolved.*

2.3. DEFECTIVE WORKS

The Gewog Administration, Wangchang had not directed the contractor to rectify defects noted in Electric Water Pump system as follows:

- a. Cracks had developed and the layer of cement plaster on the floor and partition of RRM wall of the Reservoir tank was peeling off;
- b. the HDPE pipe joints were found dislocated/detached at several joints; and
- c. The RRM wall and plinth protection at Water Pump House had developed major cracks.

The lapses had occurred due to poor workmanship and lack of proper supervision and monitoring of work by concerned site supervisor. *AIN: 14596; Paras: 1.3, 1.5 & 1.9; Accountabilities: Direct: Kencho Wangdi, Engineer, EID No. 200409002; Supervisory: Thinley Dorji, Ex-Gup, CID No. 10811002122*

Status: Para remained unresolved.

III. DOPSHARI

Out of the total unresolved irregularities of Nu.0.651 million reported to the Parliament in June 2018, the Gewog Administration, Dopshari had resolved irregularities of Nu.0.077 million leaving a balance of Nu.0.574 million as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Fraud, Corruption & Embezzlement	0.377	0.077	0.300	20.42
2	Shortfalls, lapses and deficiencies	0.274	-	0.274	-
	Total	0.651	0.077	0.574	

The detailed status of irregularities reported to the Parliament in June 2018; irregularities resolved and unresolved as on 30/09/2018 are as discussed below:

1. Fraud, Corruption and Embezzlement - Nu.0.300 million

There were cases with elements of fraud, corruption and embezzlement involving Nu.0.377 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
1.1.	Fictitious Payment for maintenance of Jeshigang Farm road	0.300	-	0.300

1.2.	Lapses in the maintenance of Kempa to Khamsazingkha Farm road	0.077	0.077	-
Total		0.377	0.077	0.300

The cases with elements of fraud, corruption and embezzlement are as indicated below:

1.1. FICTITIOUS PAYMENT FOR MAINTENANCE OF JESHIGANG FARM ROAD - NU.0.300 MILLION

The Gewog Administration, Dopshari had made fictitious payments of Nu.0.300 million for the maintenance of Jeshigang farm road (Shari to Donam). The contract was awarded on 11th February 2016 and Final payment made on 23rd June 2016 upon submission of final bill duly verified by the Site Engineer concerned.

However, physical verification of site revealed that the farm road maintenance works had not even started at the time of audit in January 2017 and the amount had been withdrawn and paid to the former Tshogpa. The disbursement of payment without execution of work was highly irregular and in violation of budgetary and accounting norms. *AIN: 14600; Para: 1.1; Accountabilities: Direct: Chundu Dorji, Asstt. Engineer, EID No. 200707082; Jyoti Bala Rai, Accountant, EID No. 200807281; Supervisory: Dago, Ex-Gup, CID No. 10802000288*

Status:*Para remained unresolved. Reminder sent through letter No. RAA/FUCD(R10)2018/-2609 dated 06/09/18 and response is awaited.*

1.2. LAPSES IN THE MAINTENANCE OF KEMPA TO KHAMSAZINGKHA FARM ROAD

The Gewog Administration, Dopshari had made payments of Nu.0.077 million for hire of excavator and tripper truck for the maintenance of farm road from Kempa to Khamsazingkha. The expenditure of Nu.0.052 million was met from the funds for 'Construction of retaining wall along Dongbu Farm Road' and Nu.0.025 million met from the funds for 'improvement of Thakchukha farm road' at Juka-Jangsa. Further, the receipt of the same was not acknowledged by the recipient on the payment voucher.

In addition, the maintenance of farm road had not started at the time of audit in November 2016. The payment disbursed without execution of work at site is highly irregular and in violation of budgetary and accounting norms.

The Gewog Administration reported that the works has been completed but appropriate actions against the concerned officials are awaited. *AIN: 14600; Para: 1.3; Accountabilities: Direct: Chundu Dorji, Asst. Engineer, EID No. 200707082; Supervisory: Dago, Ex-Gup, CID No. 10802000288*

Status:*Para was resolved based on the review and acceptance of response vide Doshar/2017/289 dated nil submitted along with all necessary documents.*

2. Shortfalls, lapses and deficiencies - Nu.0.274 million

The case of shortfalls, lapses and deficiencies is as indicated below:

2.1. NON-EXECUTION OF RWSS AFTER PROCUREMENT OF MATERIALS - NU.0.274 MILLION

The Gewog Administration, Dopshari had incurred an expenditure of Nu.0.274 million for procurement of materials for construction of RWSS from Dorizeykha to Tserena (1.5km) for the Financial Year 2015-16. However, the works had not started and materials procured were lying unattended at site including 150 bags of cement that were damaged (set). The materials were also not accounted for in the stock register as required.

The Budget was proposed without adequate and proper consultation with the beneficiaries and the materials were procured at the close of the Financial Year to avoid the lapse of fund. The delay was attributed to lack of initiatives from Gewog Administration and non-cooperation by the beneficiaries. *AIN: 14600; Para: 7.1; Accountabilities: Direct: Thinley Dorji, Technician, EID No.20120200108; Supervisory: Dago, Ex-Gup, CID No. 10802000288*

Status: Para remained unresolved. Reminder was sent through letter No. RAA/FUCD(R10)2018/2609 dated 06/09/18 and response is awaited.

IV. LUNGNYI

The Gewog Administration, Lungnyihd not resolved irregularity of Nu.0.300 million reported to the Parliament in June 2018 as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Fraud, Corruption & Embezzlement	0.300	-	0.300	-
Total		0.300	0.000	0.300	

The detailed status of irregularities reported to the Parliament in June 2018 which remained unresolved as on 30/09/2018 are as discussed below:

1. Fraud, Corruption and Embezzlement - Nu.0.300 million

The case with elements of fraud, corruption and embezzlement is as indicated below:

1.1. NON-DISCLOSURE OF FUND RECEIVED FROM M/S HOTEL OLATHANG - NU.0.300 MILLION

The Gewog Administration, Lungnyihd had not disclosed the receipt of Nu.0.300 million from M/s Olathang Hotel for improvement of farm road from takeoff point. M/s

Olathang Hotel had provided additional financial assistance of Nu.0.300 million for improvement of steep gradient and congested turning at takeoff point by blacktopping the farm road and the amount was paid to the Ex-Gup vide voucher No.T-459 dated 9th July 2016.

However, on review of the total expenditure incurred for the activity, it was revealed that the contribution of Nu.0.300 million received from M/s Olathang hotel was neither used for construction of Farm Road, nor taken into account by the Gewog Administration. Further, the works for improvement of steep gradient and congested turning at takeoff point was found awarded as an additional work to M/s Druk Jabab Construction for providing and laying of plain cement concrete at Nu.0.153 million. In addition, the amount was booked under closed work of M/s C.N Construction. *AIN: 14595; Para: 1; Accountabilities: Direct: Jamtsho, Gup, CID No. 10806001674; Supervisory: Rinchen Penjor, Ex-Gup, CID No. 10806001228*

Status: Para remained unresolved. Reminder was sent through letter No. RAA/FUCD(R14)2018/2607 dated 06/09/18 and response is awaited.

V. HUNGREL

The Gewog Administration, Hungrel has not resolved irregularity of Nu.0.085 million reported to the Parliament in June 2018 as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Fraud, Corruption & Embezzlement	0.085	-	0.085	-
	Total	0.085	0.000	0.085	

The detailed status of irregularities reported to the Parliament in June 2018 which remained unresolved as on 30/09/2018 are as discussed below:

1. Fraud, Corruption & Embezzlement - Nu.0.085 million

The case with elements of fraud, corruption and embezzlement is as indicated below:

1.1. SHORTAGE OF RWSS MATERIALS - NU.0.085 MILLION

The Gewog Administration, Hungrel had shortage of RWSS materials worth Nu.0.085 million. In addition, the stock entry was found done by Gewog Engineer instead of Gewog Administrative Officer which was highly irregular. The lapses had apparently occurred due to laxity on part of the dealing officials. *AIN: 14594; Para: 1.2; Accountabilities: Direct: Gyem Thinley, Gup, CID No. 10804000025; Supervisory: Sangay, Ex-Gup, CID No. 10804001045*

Status: Para remained unresolved. Reminder was sent through letter No. RAA/FUCD(R12)2018/-2608 dated 06/09/18 and response is awaited.

1.1.3.2. GEWOGS ADMINISTRATION UNDER GASA DZONGKHAG

I. LAYA

Out of the total unresolved irregularities of Nu.2.740 million reported to the Parliament in June 2018, the Gewog Administration, Laya had not resolved any irregularities as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	2.740	-	2.740	-
	Total	2.740		2.740	

The detailed status of irregularities reported to the Parliament in June 2018 which remained unresolved as on 30/09/2018 are as discussed below:

1. Shortfalls, lapses and deficiencies - Nu.2.740 million

There were cases of shortfalls, lapses and deficiencies involving Nu.2.740 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
1.1.	Payment of TA/DA claims without proper supporting documents	0.037	-	0.037
1.2.	Missing vouchers	2.703	-	2.703
	Total	2.740		2.740

The cases of shortfalls, lapses and deficiencies are as indicated below:

1.1. PAYMENT OF TA/DA CLAIMS WITHOUT PROPER SUPPORTING DOCUMENTS - NU.0.037 MILLION

The Gewog Administration, Laya had made payments of Nu.0.037 million on account of TA/DA payments without any supporting documents. The official had not submitted the TA/DA bills, Travel Authorization, Travel Allowance Claim, Office Order, Tour Report and most importantly the payments were made in cash. *AIN: 14814; Para: 4; Accountabilities: Direct: Sonam Wangchuk, Accountant, EID No. 200807278; Supervisory: Hament Gurung, Account Officer, EID No. 201201154; Lhakpa Tshering, CID No. 10403000672*

Status: Para remained unresolved.

1.2. MISSING VOUCHERS - NU.2.703 MILLION

The Gewog Administration, Laya had failed to produce 27 disbursement vouchers for Nu.2.703 million. The lapses had occurred apparently due to laxity on the part of the dealing accountant who had failed to hand over the accounting records to the next dealing person before his departure. Also, the management had neither attempted to recover the money nor taken any action against the official concerned. *AIN: 14814; Para: 5; Accountabilities: Direct: Sonam Wangchuk, Accountant, EID No. 200807278; Supervisory: Hament Gurung, Account Officer, EID No. 201201154*

Status: Para remained unresolved.

II. LUNANA

Out of the total unresolved irregularities of Nu.0.154 million reported to the Parliament in June 2018, the Gewog Administration, Lunana had not resolved irregularities anyas on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	0.154	-	0.154	-
	Total	0.154	0.000	0.154	

The detailed status of irregularities reported to the Parliament in June 2018 which remained unresolved as on 30/09/2018 are as discussed below:

1. Shortfalls, lapses and deficiencies - Nu.0.154 million

There were cases of shortfalls, lapses and deficiencies involving Nu.0.154 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
1.1.	Shortage of HSD	0.078	-	0.078
1.2.	Irregular adjustment/payment	0.038	-	0.038
1.3.	Double payment of TA/DA claims	0.038	-	0.038
	Total	0.154	-	0.154

The cases of shortfalls, lapses and deficiencies are as indicated below:

1.1. SHORTAGE OF FUEL - NU.0.078 MILLION

The Gewog Administration, Lunana had shortages of 1,610 liters of High Speed Diesel (HSD) fuel worth Nu.0.078 million. A total of 10,210 liters of HSD fuel was purchased exclusively for fueling the Central Machinery Unit's excavator, of which the logbook records reflected usages of 7,400 liters and stock balance of 1,200 liters (sixbarrels) with resultant shortage of 1,610 liters. The lapses had occurred due to lack of adequate checks and proper system for receipts and issue of fuel at site. *AIN: 14809; Para; 2.1; Accountabilities: Direct: Sherab Chopel, GAO, EID No. 200705080; Supervisory: Gyembo Tshering, Ex-Gup, CID NO. 10404000122; Kaka, Gup, CID No. 10404000432*

Status: Para remained unresolved.

1.2. IRREGULAR ADJUSTMENT/PAYMENT - NU.0.038 MILLION

The Gewog Administration, Lunana had made excess payment of Nu.0.038 million due to arithmetical error in the bill submitted by Gewog Administrative Officer for repairing the drilling machine used in the construction of farm road from Goentsephu to Ramina. The lapses had occurred apparently due to negligence of concerned officials in processing the payments without proper scrutiny of the supporting documents. *AIN: 14809; Para: 2.2; Accountabilities: Direct: Sherab Chopel, GAO, EID No. 200705080; Supervisory: Gyembo Tshering, Ex-Gup, CID NO. 10404000122; Kaka, Gup, CID No. 10404000432*

Status: Para remained unresolved.

1.3. DOUBLE PAYMENT OF TA/DA CLAIMS - NU.0.038 MILLION

The Gewog Administration, Lunana had made double payments of Nu.0.038 million on account of TA/DA paid to Gewog Officials in the construction of Ramina Farm Road. The lapses had occurred apparently due to lack of proper internal controls. *AIN: 14809; Para: 2.4; Accountabilities: Direct: Sherab Chopel, GAO, EID No. 200705080; Gyembo Tshering, Ex-Gup, CID NO. 10404000122; Supervisory: Gyembo Tshering, Ex-Gup, CID NO. 10404000122; Kaka, Gup, CID No. 10404000432*

Status: Para remained unresolved.

III. KHAMOED

The Gewog Administration, Khamoedhad not resolved irregularity of Nu.0.100 million reported to the Parliament in June 2018as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	0.100	-	0.100	-
	Total	0.100	0.000	0.100	

The detailed status of irregularities reported to the Parliament in June 2018 which remained unresolved as on 30/09/2018 are as discussed below:

1. Shortfalls, lapses and deficiencies - Nu.0.100 million

The case of shortfalls, lapses and deficiencies is as indicated below:

1.1. SHORTAGES OF FUEL - NU.0.100 MILLION

The Gewog Administration, Khamoed had shortages of 2,087 liters of High Speed Diesel (HSD) fuel worth Nu.0.100 million. The Gewog Administration had incurred an expenditure of Nu.0.772 million in FY 2015-16 for procurement of HSD to fuel machineries hired from CMU Bumthang for the construction/maintenance of various Farm Road and Irrigation Chanel under GDG funding. The verification of expenditure vouchers, bills/PoL cash memos, stock ledger and Machine Log Book revealed shortage of 2,087 litres of HSD. The lapses occurred apparently due to lack of checks and balance in procurement and issue of HSD. *AIN: 14788; Para: 1; Accountabilities: Direct: Ugyen Tshering, Ex-Mangmi, CID No.10401000040, Supervisory: Karma Tshering, Ex-Gup, CID No. 10401000250*

Status: Para remained unresolved.

IV. KHATOED

The Gewog Administration, Khatoed had not resolved irregularity of Nu.0.063 million reported to the Parliament in June 2018 as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Violation of laws and rules	0.063	-	0.063	-
	Total	0.063	0.000	0.063	

The detailed status of irregularities reported to the Parliament in June 2018 which remained unresolved as on 30/09/2018 are as discussed below:

1. Violation of Laws and Rules

The case of violation of laws and rules is as indicated below:

1.1. IRREGULARITIES NOTED IN THE CONSTRUCTION OF DATALUM TO DATAPANGCHU FARM ROADS – NU.0.063 MILLION

The Gewog Administration, Khatoed had withdrawn an amount of Nu.0.250 million and retained it in the form of demand draft due to non-completion of construction of Farm Road from Datalum to Datapangchu funded by the GDG, during the Financial Year 2015-16 in contravention to FRR 2001.

As per records, the work had been completed within the deadline and handed over to the Gewog Administration on 5th February 2016, while the work was actually executed after close of financial year. An expenditure of Nu.0.250 million was booked against the procurement of fuel with fake cash memo to avoid lapse of fund and thus execute the work at later stage by the contractor. The stock entries were recorded by other Gewog officials. The value for actual works executed amounting to Nu.0.117 million and the amount of Nu.0.250 million retained by the Gewog Administration was not tallied. The 2% TDS deducted from the contractor's bills and the balance amount of Nu.0.133 million (from the amount retained) after paying contractor were not recorded. The booking of expenditure based on fake bills to avoid the lapse of fund was a serious offence. *AIN: 14813; Para: 1; Accountabilities: Direct: Jochu, GAO EID. No. 201105011; Supervisory: Thinley Wangdi, Gup, CID No.: 10404000432; Jochu, GAO EID. No. 201105011*

Status: Para remained unresolved.

1.1.3.3. GEWOGS ADMINISTRATION UNDER PEMAGATSHEL DZONGKHAG

I. CHIMONG

The Gewog Administration, Chimong had not resolved irregularity of Nu.0.900 million reported to the Parliament in June 2018 as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Violation of laws and rules	0.900	-	0.900	-
	Total	0.900	0.000	0.900	

The detailed status of irregularities reported to the Parliament in June 2018 which remained unresolved as on 30/09/2018 are as discussed below:

1. Violations of laws and rules - Nu.0.900 million

The case of violation of laws and rules is as indicated below:

1.1. DEFECTIVE DEBRI-WORK IN PAINTING OF CHIMUNG LHAKHANG - NU.0.900 MILLION

The Gewog Administration, Chimong had not directed the contractor to rectify defective works valuing Nu.0.900 million noted in the Debris painting of Chimung Lhakhang. The Gewog Administration had accepted substandard work where some of the debris paintings were patchy due to replacement of the original painting. Further, the paintings had been cut and re-fixed in places due to electrical fittings and switch boxes. The lapses had occurred mainly due to poor workmanship and supervision. *AIN: 14330; Para: 3.2; Accountabilities: Direct: Sonam Chopel, AE, EID No. 8808110; Supervisory Accountability: Yeshe Wangdi, Gup, CID No. 10901000609*

Status: Para remained unresolved.

II. DUNGMIN

Out of the total unresolved irregularity of Nu.0.640 million reported to the Parliament in June 2018, the Gewog Administration, Dungmin had resolved one irregularity without monetary value leaving a balance of Nu.0.640 million as on 30/09/2018 as summarized below:

Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
Mismanagement	-	-	-	100
Violation of laws and rules	0.640	-	0.640	0
Total	0.640	0.000	0.640	

The detailed status of irregularities reported to the Parliament in June 2018; irregularities resolved and unresolved as on 30/09/2018 are as discussed below:

1. Mismanagement

The case of mismanagement is as indicated below:

1.1. SHORTAGE OF MATERIALS IN THE GEWOG STORE

The Gewog Administration, Dungmin had shortage of materials in store as noted during the joint physical verification such as furniture, cutlery, electrical items, pipes, tools & implements, chadi items, etc. The lapses had occurred due to improper handing/taking and lack of accountability. *AIN: 14331; Para: 2; Accountabilities: Direct: Ugyen Tshering, Gup, CID No. 10903002312; Supervisory: Ugyen Tshering, Gup, CID No. 10903002312*

Status: Para was resolved vide letter No.DM/Audit/08/2018/982 dated 14/02/2018 of Gewog Administration, Dungmin.

2. Violations of laws and rules - Nu.0.640 million

The case of violation of laws and rules is as indicated below:

2.1 NON-UTILISATION OF FUND RETAINED UNDER CLOSED WORK EVEN AFTER CLOSE OF FINANCIAL YEAR - NU.0.640 MILLION

The Gewog Administration, Dungmin had booked Nu.0.639 million as final expenditure for the construction of Farm Road from Dungmin to Woongborang and construction of store-cum-Kitchen at Gewog Centre under closed works in violation to the accounting norm, which included Nu.0.194 million brought forward from FY 2014-2015. The status

of the work were not communicated as of 31st March 2018. *AIN: 14331; Para: 1; Accountabilities: Direct: Yezer, Accounts Assistant, EID No. 200901068; Supervisory: Yezer, Accounts Assistant, EID No. 200901068*

Status: Para remained unresolved.

III. KHAR

The Gewog Administration, Kharhad notresolved irregularity of Nu.0.384 million reported to the Parliament in June 2018as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Violation of laws and rules	0.384	-	0.384	-
	Total	0.384	0.000	0.384	

The detailed status of irregularities reported to the Parliament in June2018 which remained unresolved as on 30/09/2018 are as discussed below:

1. Violations of laws and rules - Nu.0.384 million

The case of violation of laws and rules is as indicated below:

1.1. NON-UTILIZATION OF FUND RETAINED UNDER CLOSED WORK - NU.0.384 MILLION

The Gewog Administration, Khar had booked Nu.0.384 million as final expenditure for the incomplete construction of Khar Lhaxhang under closed workswhich included Nu.0.102 million brought forward from FY 2014-2015. This was in violation of the accounting norms. *AIN: 14328; Para: 1; Accountabilities: Direct: Yezer, Accounts Officer, EID No. 200901068; Supervisory: Choedup, Ex-Gup, CID No. 10904000417*

Status: Para remained unresolved.

IV. CHOEKHORLING

Out of the one unresolved irregularity reported to the Parliament in June 2018, the Gewog Administration, Choekhorling had not resolved the same as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Violation of laws and rules	-	-	-	
	Total	-	-	-	

The detailed status of irregularity reported to the Parliament in June 2018 which remained unresolved as on 30/09/2018 is as discussed below:

1. Violations of laws and rules

The case of violation of laws and rules is as indicated below:

1.1. NON-LEVY OF LIQUIDATED DAMAGES FOR DELAY IN COMPLETION OF FARM ROAD CONSTRUCTION

The Gewog Administration, Choekhorling had not levied liquidated damages of 0.05% per day subject to maximum of 10% of the initial contract amount for actual delay in the completion of farm road construction from Gewog Centre to Choekhorling village. The contractor had only completed the initial first cutting and back cutting, and permanent structures had not started at the time of audit in October 2016. *AIN: 14326; Para: 1; Accountabilities: Direct: Pabita Rai, JE, EID No. 201101227; Supervisory: Damcho Zangmo, Offtg. DE, EID No. 9707078; Samten Choeda, AE, EID No. 9812001*

Status: Para remained unresolved.

1.1.3.4. GEWOG ADMINISTRATIONS UNDER MONGGAR DZONGKHAG

I. SALING

Out of the total unresolved irregularities of Nu.0.561 million reported to the Parliament in June 2018, the Gewog Administration, Saling had resolved irregularities of Nu.0.113 million leaving a balance of Nu.0.448 million as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Violation of laws and rules	0.258	-	0.258	0
2	Shortfalls, lapses and deficiencies	0.303	0.113	0.190	37.29
	Total	0.561	0.113	0.448	

The detailed status of irregularities reported to the Parliament in June 2018; irregularities resolved thereafter and unresolved as on 30/09/2018 are as discussed below:

1. Violations of Laws and Rules - Nu.0.258 million

The case of violation of laws and rules is as indicated below:

1.1. NON-LEVY OF LIQUIDATED DAMAGES FOR DELAY IN COMPLETION OF MEETING HALL - NU.0.258 MILLION

The Gewog Administration, Saling had not levied liquidated damages of Nu.0.258 million from the contractor for a delay of 190 days for the construction of Meeting Hall at Lingmithang. Further, there was failure on the part of the Supervising Engineer to carry out necessary checks to ensure the admissibility of contractor's claims indicating lack of internal controls. *AIN: 14568; Para: 4(d); Accountabilities: Direct: Tenzin Dema, JE, EID No. 200707076; Supervisory: Choney Dorji, Gup, CID No. 10704001091*

Status: *Para remained unresolved.*

2. Shortfalls, lapses and deficiencies - Nu.0.303 million

The cases of shortfalls, lapses and deficiencies is as indicated below:

2.1. NON DEDUCTION OF REBATE OFFERED - NU.0.303 MILLION

The Gewog Administration, Saling had not deducted Nu.0.303 million offered as lump sum rebate by the contractor in the construction of Meeting Hall at Lingmithang. The lapses had occurred apparently due to improper verification and certification of contractor's bills for payment by site engineer which is indicative of lack of internal controls. *AIN: 14568; Para: 4(a); Accountabilities: Direct: Tenzin Dema, JE, EID No. 200707076; Supervisory: Choney Dorji, Gup, CID No. 10704001091*

Status: *Partially resolved. Out of Nu.0.303 million; Nu.0.113 million deposited into ARA vide Rt.No.469051 dated 08/09/2017 leaving a balance of Nu.0.190 million.*

II. MONGGAR

Out of the total unresolved irregularities of Nu.0.411 million reported to the Parliament in June 2018, the Gewog Administration, Monggar had not resolved any irregularities of as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	0.411		0.411	
	Total	0.411		0.411	

The detailed status of irregularities reported to the Parliament in June 2018 which remained unresolved as on 30/09/2018 are as discussed below:

1. Shortfalls, lapses and deficiencies - Nu.0.411 million

There were cases of shortfalls, lapses and deficiencies involving Nu.0.411 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
1.1.	Under payment	0.180	-	0.180
1.2.	Non-payment of Final Bill balance amount to contractor	0.231	-	0.231
	Total	0.411	-	0.411

The cases of shortfalls, lapses and deficiencies are as indicated below:

1.1. UNDER PAYMENT - NU.0.180 MILLION

The Gewog Administration, Mongar had made under payment of Nu.0.180 million due to wrong measurement and wrong application of quoted amount in the construction of L-Shaped drain, providing base course & causeway at Konbar farm road. The quantities of work executed did not commensurate with the quantities passed for payment in the final bill. The contractor had quoted Nu.0.120 million for construction of one causeway, whereas the payment made was only Nu.0.040 million with a resultant under payment of Nu.0.080 million. *AIN: 14509; Para: 1.1; Accountabilities: Direct: Tshering Gyeltshen, AE, EID No. 2007056; Supervisory: Tenzin Wangchuk, Gup, CID No. 10709004083*

Status: Para remained unresolved.

1.2. NON-PAYMENT OF FINAL BILL BALANCE AMOUNT TO CONTRACTOR - NU.0.231 MILLION

The Gewog Administration, Mongar had not paid Nu.0.231 million to the contractor in the construction of L-Shaped drain, to provide base course & causeway at Konbar farm road. The contractor's Final Running Bill amounted to Nu.0.979 million of which only Nu.0.748 million were paid at the end of the financial year, leaving a balance of Nu.0.231 million as unpaid due to the non-availability of fund balance. *AIN: 14509; Para: 1.2; Accountabilities: Direct: Tshering Gyeltshen, AE, EID No. 2007056; Supervisory: Tenzin Wangchuk, Gup, CID No. 10709004083*

Status: Para remained unresolved.

III. TSAMANG

Out of the total unresolved irregularities of Nu.0.221 million reported to the Parliament in June 2018, the Gewog Administration, Tsamang had resolved irregularities of Nu.0.181 million leaving a balance of Nu.0.040 million as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Fraud, Corruption & Embezzlement	0.040	-	0.040	-
2	Shortfalls, lapses and deficiencies	0.181	0.181	-	100
	Total	0.221	0.181	0.040	

The detailed status of irregularities reported to the Parliament in June 2018; irregularities resolved thereafter and unresolved as on 30/09/2018 are as discussed below:

1. Fraud, Corruption and Embezzlement - Nu.0.040 million

The case with elements of fraud, corruption and embezzlement is as indicated below:

1.1. NON- ACCOUNTAL OF THE MACHINE HIRING CHARGES COLLECTED FROM THE BENEFICIARIES - NU.0.040 MILLION

The Gewog Administration, Tsamang had collected Nu.0.040 million from two households (Nu.0.020 million each) for the construction of 300-meter approach road to Labi village from main farm road. The contributions were neither accounted in the books of accounts nor refunded to the households and the expenditure was found booked from the GDG budget. The lapses are indicative of lack of integrity and ethics on the part of officials involved. *AIN: 14569; Para: 3; Accountabilities: Direct: Sonam Jamtsho, Gewog Clerk, CID No. 10715001625; Supervisory: Sonam Darjay, Gup, CID No. 10715001963*

Status: *Para remained unresolved.*

2. Shortfalls, lapses and deficiencies - Nu.0.181 million

The case of shortfalls, lapses and deficiencies is as indicated below:

2.1. PAYMENTS FOR WORKS NOT EXECUTED/SHORT EXECUTED AT SITE - NU.0.181 MILLION

The Gewog Administration, Tsamang had made payments of Nu.0.181 million to the community contractor, Banjar Meser Phendey Tshogpa for works not/short executed in the construction of Toilet-cum-Kitchen at Banjar Lhaxhang. The amount recoverable also includes cost of left over materials used from Banjar Lhaxhang Construction. *A IN: 14569; Para: 1; Accountabilities: Direct: Kinley Penjor, AE, EID No. 201001714; Supervisory: Sonam Darjay, Gup, CID No. 10715001963*

Status: *Para was resolved based on re-verification of the works carried out by RAA in the subsequent audit as per letter No.MD/DES-24/2018/5724 dated 20/07/2018.*

IV. SILAMBI

Out of the total unresolved irregularities of Nu.0.055 million reported to the Parliament in June 2018, the Gewog Administration, Silambi had resolved all the irregularities as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Violation of laws and rules	0.055	0.055	-	100
	Total	0.055	0.055	-	

The detailed status of irregularity reported to the Parliament in June 2018 which was resolved as on 30/09/2018 are as discussed below:

1. Violations of Laws and Rules - Nu.0.055 million

The case of violation of laws and rules is as indicated below:

1.1. NON-FORFEITURE OF BID SECURITY FOR WITHDRAWAL OF BIDS DURING VALIDITY PERIOD - NU.0.055 MILLION

The Gewog Administration, Silambi in contravention to PRR 2009 had not forfeited the bid security of Nu.0.055 million for withdrawal of bid security during the bid validity period in the Construction of Community Information Centre and one unit toilet at Nagor under Silambi Gewog. The contract was awarded to lowest evaluated bidder, but later the contractor had submitted an appeal to the Dzongkhag Administration, requesting for rejection of his bidding documents. Accordingly, the Dzongkhag Level Tender Committee (DLTC) had rejected the bid with the condition to forfeit his bid security (EMD) amounting to Nu.0.055 million. However, the same bid security deposit was not forfeited. *AIN: 14558; Para: 2 (a); Accountabilities: Direct: Padam Bdr. Rai, JE, EID No. 2012010021; Supervisory: Dorji Wangchuk, Gup, CID No. 10713001850*

Status: Para was resolved based on the justification submitted to the RAA vide letter No.MD/DES-06/2017/177 dated 31/08/2017.

V. NARANG

Out of the total unresolved irregularities of Nu.0.046 million reported to the Parliament in June 2018, the Gewog Administration, Narang had not resolved any irregularities as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	0.046	-	0.046	-
	Total	0.046	0.000	0.046	

The detailed status of irregularities reported to the Parliament in June 2018 which remained unresolved as on 30/09/2018 are as discussed below:

1. Shortfalls, lapses and deficiencies - Nu.0.046 million

The case of shortfalls, lapses and deficiencies is as indicated below:

1.1. EXCESS PAYMENT - NU.0.046 MILLION

The Gewog Administration, Narang had made excess payments of Nu.0.046 million in the construction of Retaining wall at Khalong Junction due to payments made for quantities in excess of works executed at site. The lapses had occurred apparently due to improper verification and certification of contractor's bills for payment which is indicative of weak internal controls. *AIN: 14503; Para: 1; Accountabilities: Direct: Tshewang Rinzin, AE III, EID No. 9301052; Supervisory: Tandin Wangchuk, Gup, CID No. 10705003815*

Status: Para remained unresolved.

VI. GONGDU

The Gewog Administration, Gongdu had not resolved irregularity of Nu.0.044 million reported to the Parliament in June 2018 as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Fraud, Corruption & Embezzlement	0.044	-	0.044	-
	Total	0.044	0.000	0.044	

The detailed status of irregularity reported to the Parliament in June 2018 which remained unresolved as on 30/09/2018 are as discussed below:

1. Fraud, Corruption and Embezzlement - Nu.0.044 million

The case with elements of fraud, corruption and embezzlement is as indicated below:

1.1. SHORT ACCOUNTAL OF REVENUE - NU.0.044 MILLION

The Gewog Administration, Gongdu had not deposited Nu.0.044 million collected as Rural Taxes including Land Tax; House Tax; Cattle Tax into the Gewog Administration's CD Account for the year 2015. The lapses had occurred apparently due to poor check and balance system in the Gewog Administration to ensure timely deposit of the tax collected. *AIN: 14610; Para: 2; Accountabilities: Direct: Tashi Tenzin, Gaydrung, CID No. 10706000766; Supervisory: Dorji Tshering, Gup, CID No. 10706000868*

Status: Para remained unresolved.

1.1.3.5. GEWOGS ADMINISTRATION UNDER SARPANG DZONGKHAG

I. GAKIDLING

The Gewog Administration, Gakidling had not resolved irregularity of Nu.0.742 million reported to the Parliament in June 2018 as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	0.742	-	0.742	-
	Total	0.742	0.000	0.742	

The status of irregularity reported to the Parliament in June 2018 which remained unresolved as on 30/09/2018 are as discussed below:

1. Shortfalls, lapses and deficiencies - Nu.0.742 million

The case of shortfalls, lapses and deficiencies is as indicated below:

1.1. NON-RECEIPT OF REFUND AGAINST EXCESS PAYMENT AND OTHER LEVIES ON TERMINATION OF CONTRACT - NU.0.742 MILLION

The Gewog Administration, Gakidling had terminated the contract for construction of farm road from Char to Sarpang Seer vide letter No.GA/PA-7(06)/2016-17/678 dated 14th October 2016 based on the decision of the 8th Dzongkhag Tender Committee Meeting held 10th October 2016.

Subsequently, the contractor was notified to refund excess payment of Nu.0.811 million vide letter No. GA/PA-7(06)/2016-17/701 dated 10/11/2016. The valuation of work executed was worked out as Nu.3.344 million and the total payment till 30th June 2016 amounted to Nu.4.165 million i.e. Mobilisation Advance of Nu.0.570 million; 1st RA Bill of Nu.1.948 million; and 2nd RA Bill of Nu.1.647 million.

However, review of the valuation of works executed and payments revealed that the total amount refundable by the contractor on termination of contract was miscalculated and the correct excess payment amounted to Nu.0.742 million.

The lapses had occurred mainly due to negligence on the part of officials verifying and passing the payment. *AIN: 14551; Para: 1; Accountabilities: Direct: Sigyal Wangchuk, JE, EID No. 20140103486; Supervisory: Nim Dorji Sherpa, Gup, CID No. 11307002551*

Status: Para remained unresolved.

II. GELEPHU

Out of the total unresolved irregularities of Nu.0.349 million reported to the Parliament in June 2018, the Gewog Administration, Gelephu had not resolved any irregularities as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Violation of laws and rules	0.196	-	0.196	-
2	Shortfalls, lapses and deficiencies	0.153	-	0.153	-
Total		0.349	0.000	0.349	

The detailed status of irregularities reported to the Parliament in June 2018 which remained unresolved as on 30/09/2018 are as discussed below:

1. Violations of laws and rules - Nu.0.196 million

The case of violation of laws and rules is as indicated below:

1.1. NON-LEVY OF LIQUIDATED DAMAGES - NU.0.196 MILLION

The Gewog Administration, Gelephu had not levied liquidated damages of Nu.0.196 million for non-completion of works in the maintenance of Passangchhu Irrigation Channel at Pelrithang Khatoe. The contractor had neither submitted work completion report nor the final bill. The lapses had occurred due to non-compliance to contract terms and conditions. *AIN: 14627; Para: 1.3; Accountabilities: Direct: Ugyen Phuntsho, JE, EID No. 20140103485; Supervisory: Ugyen Wangchuk, Gup, CID No. 11306002353*

Status: *Para remained unresolved.*

2. Shortfalls, Lapses and Deficiencies - Nu.0.153 million

The case of shortfalls, lapses and deficiencies is as indicated below:

2.1. EXCESS PAYMENT - NU.0.153 MILLION

The Gewog Administration, Gelephu had made excess payments of Nu.0.153 million in the maintenance of Passangchhu Irrigation Channel at Pelrithang Khatoe. The total cost of work as per the final measurement of works executed was Nu.1.383 million, but the contractor was paid Nu.1.536 million through 5 Running Account Bills. The excess payment against running bills indicated that the bills were entertained without proper verification of the works executed. *AIN: 14627; Para: 1.1; Accountabilities: Direct: Ugyen Phuntsho, JE, EID No. 20140103485, CID No. 10103001714; Supervisory: Ugyen Wangchuk, Gup, CID NO.11306002353*

Status: *Para remained unresolved.*

III. UMLING

The Gewog Administration, Umlinghad notresolved irregularity of Nu.0.178 million reported to the Parliament in June 2018as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	0.178	-	0.178	-
	Total	0.178	0.000	0.178	

The detailed status of irregularity reported to the Parliament in June2018 which remained unresolved as on 30/09/2018 are as discussed below:

1. Shortfalls, Lapses and Deficiencies - Nu.0.178 million

The case of shortfalls, lapses and deficiencies is as indicated below:

1.1. NON-ADJUSTMENT OF ADVANCES - NU.0.178 MILLION

The Gewog Administration, Umling had overdue advances amounting to Nu.0.178 million against officials for the FY 2015-2016. Nu.0.010 million pertained to Public Work Advances for Social Forestry Day and Nu.0.168 million pertained to Mobilisation Advances for construction of Irrigation channels at Thongjazor & Tashithang, and for the maintenance of Gup's office. *AIN: 14636; Para: 1; Accountabilities: Direct: Sonam Wangchuk, Accountant, EID No. 200607343; Supervisory: Ugyen Norbu, Gup, CID No. 11315000142*

Status: Para remained unresolved.

IV. SAMTENLING

The Gewog Administration, Samtelinghad notresolved irregularity of Nu.0.069 million reported to the Parliament in June 2018as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	0.069	-	0.069	0
	Total	0.069	0.000	0.069	

The detailed status of irregularity reported to the Parliament in June2018which remained unresolved as on 30/09/2018 are as discussed below:

1. Shortfalls, Lapses and Deficiencies - Nu.0.069 million

The case of shortfalls, lapses and deficiencies is as indicated below:

1.1. EXCESS PAYMENT - NU.0.069 MILLION

The Gewog Administration, Samtenling had made excess payments for works not executed valuing Nu.0.069 million in the construction of causeways for the farm road from Gewog office to Dungkarling. The lapses had occurred due to lack of proper supervision by the Site Engineer and the Supervising Officer while certifying payments. *AIN: 14591; Para: 1.1; Accountabilities: Direct: Kinley Penjor, Engineer, EID No. 20120100128, CID No. 11915001111; Supervisory: Kumar Mongar, Gup, CID No. 11301000014*

Status: Para remained unresolved.

1.1.3.6. GEWOGS ADMINISTRATION UNDER TSIRANG DZONGKHAG

I. GOSARLING

The Gewog Administration, Gosarling had not resolved irregularity of Nu.0.039 million reported to the Parliament in June 2018 as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Fraud, Corruption & Embezzlement	0.039	-	0.039	-
	Total	0.039	0.000	0.039	

The detailed status of irregularity reported to the Parliament in June 2018 which remained unresolved as on 30/09/2018 are as discussed below:

1. Fraud, Corruption and Embezzlement - Nu.0.039 million

The case of fraud, corruption and embezzlement is as indicated below:

1.1. PAYMENT MADE WITHOUT RECEIVING GOODS AND NON-LEVY OF LIQUIDATED DAMAGES - NU.0.039 MILLION

The Gewog Administration, Gosarling had procured religious items worth Nu.0.394 million for the Manidara Lhaxhang. Of the total amount, items worth Nu.0.347 million were not received but paid in full. However, items including those not received were reflected as issued against 'Goods Issue Notes' which were duly approved by the controlling officials. The payments for items which were not received and booking of expenditure were in deviation to the Accounting and Financial norms. Moreover, false preparation of 'Goods Issue Notes' and issue of items which were not yet delivered by the supplier was highly irregular and warrants action against the defaulter.

In addition, the management had not levied 10% liquidated damages amounting to Nu.0.039 million for delay in supply of goods. *AIN: 14399; Para: 1; Accountabilities: Direct: Kharka Bdr. Tamang, Gup, CID No. 11804000645; Supervisory: Kharka Bdr. Tamang, Gup, CID No. 11804000645*

Status: Para remained unresolved.

II. PUNGTENCHHU

The Gewog Administration, Umling had not resolved irregularity of Nu.0.132 million reported to the Parliament in June 2018 as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	0.132	-	0.132	-
	Total	0.132	0.000	0.132	

The detailed status of irregularity reported to the Parliament in June 2018 which remained as on 30/09/2018 are as discussed below:

1. Shortfalls, Lapses and Deficiencies - Nu.0.132 million

The case of shortfalls, lapses and deficiencies is as indicated below:

1.1. SHORT SUPPLY OF RELIGIOUS ITEMS FOR PHUNTENCHU LHAKHANG - NU.0.132 MILLION

The Gewog Administration, had procured religious items worth Nu.1.125 million for Tashicholing Lhakhang vide work order *No.PG-07/2015-2016/85 dated 31.05.2016*. Of the total amount, items worth Nu.0.132 million were not received at the time of audit in October 2016, but payments were made in full. Further, some of the items were found kept with the Cultural Officer as the items required rectifications. Also, the management had not imposed liquidated damages for late supply of the items. *AIN: 14403; Para: 1; Accountabilities: Direct: Shivalal Kararai, Gup, EID No. 11808001206; Supervisory: Shivalal Kararai, Gup, EID No. 11808001206*

Status: Para remained unresolved.

1.1.3.7. GEWOGS ADMINISTRATION UNDER PUNAKHA DZONGKHAG

I. BARP

The Gewog Administration, Barp had resolved irregularity of Nu.0.785 million reported to the Parliament in June 2018 as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Violation of laws and rules	0.785	0.785	-	100
	Total	0.785	0.785	-	

The detailed status of irregularity reported to the Parliament in June 2018 which was resolved as on 30/09/2018 are as discussed below:

1. Violation of Laws & Rules - Nu.0.785 million

The case of violation of laws and rules is as indicated below:

1.1. ACCEPTANCE OF SUBSTANDARD WORKS EXECUTED IN MAINTENANCE OF FARM ROAD - NU.0.785 MILLION

The Gewog Administration, Barp had accepted substandard quality of work executed in the maintenance of Yuewakha farm road awarded to Community Contractor at Nu.1.030 million. The base course laid on the causeway worth Nu.0.683 million did not meet the required thickness of 0.25m and was found worn out/washed away exposing the stone soling. In addition, the cause way constructed at a cost of Nu.0.101 million was found to be too narrow at the curves. The Gewog Administration and Site Engineer had failed to verify the quality of the work executed at site which indicated passing of bills without actually verifying the works executed as per the specification in the BOQ. *AIN: 14645; Para: 1; Accountabilities: Direct: Rinchen Gyelpo, Asst. Engineer, EID No. 200901081; Supervisory: Tandin Dorji, DE, EID No. 200401026*

Status: Para was resolved vide RAA/OAAG(T)FUS-01/2018-2019/0244 dated 04/09/2018.

II. GOENSHARI

Out of the total unresolved irregularities of Nu.0.162 million reported to the Parliament in June 2018, the Gewog Administration, Goenshari had resolved irregularities of Nu.0.045 million leaving a balance of Nu.0.117 million as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Fraud, Corruption & Embezzlement	0.117	-	0.117	-
2	Mismanagement	0.045	0.045	-	100
	Total	0.162	0.045	0.117	

The detailed status of irregularities reported to the Parliament in June 2018; irregularities resolved thereafter and unresolved as on 30/09/2018 are as discussed below:

1. Fraud, Corruption and Embezzlement - Nu.0.117 million

The case with elements of fraud, corruption and embezzlement is as indicated below:

1.1. IRREGULAR ADJUSTMENT OF REPAIR AND MAINTENANCE AGAINST THE LEASE RENT OF KOMA TSHACHU - NU.0.117 MILLION

The Gewog Administration, Goenshari had irregularly accepted adjustment of Nu.0.117 million on account of repair and maintenance charges of *Koma Tshachu* from the annual lease fees. As against a total of annual lease fees of Nu.0.137 million for 2015 and 2016, the lessee had deposited Nu.0.020 million into the Gewog's CD Account and remaining Nu.0.117 million adjusted as expenditure incurred for repair and maintenance works without supporting documents and obtaining approval from the Gewog Tshogde. *AIN: 14656; Para: 2; Accountabilities: Direct: Gem Dorji, CID No. 11003000106; Supervisory: Yeshe Dorji, Goenshari Gup, CID No. 11003000462*

Status: Para remained unresolved.

2. Mismanagement - Nu.0.045 million

The case of mismanagement is as indicated below:

2.1. IRREGULAR USE OF BUDGETARY FUND - NU.0.045 MILLION

The Gewog Administration, Goenshari had paid Nu.0.045 million to contractors on account of refund of 10% retention/security deposits from the budgetary fund during FY 2015-2016 without obtaining equivalent release from the Department of Public Accounts (DPA), MoF. The budgetary fund balance should have been surrendered to DPA, MoF at the end of the financial year. *AIN: 14656; Para: 1; Accountabilities: Direct: Kencho Dorji, Accounts Assistant, EID No. 9709047; Supervisory: Chencho Dorji, Accounts Officer, EID No. 201101055*

Status: Para was resolved as the amount was recovered vide Receipt No. A00100 dated 28/05/2018.

III. TALOG

The Gewog Administration, Talog had not resolved irregularity of Nu.0.116 million reported to the Parliament in June 2018 as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	0.116	-	0.116	-
	Total	0.116	0.000	0.116	

The detailed status of irregularity reported to the Parliament in June 2018 which remained unresolved as on 30/09/2018 is as discussed below:

1. Shortfalls, lapses and deficiencies - Nu.0.116 million

The case of shortfalls, lapses and deficiencies is as indicated below:

1.1. NON-ACHIEVEMENT OF WATER SUPPLY SCHEME AND OTHER LAPSES - NU.0.116 MILLION

The Gewog Administration, Talog had irregularities in the Rural Water Supply Scheme (RWSS) rehabilitation and for the spring protection works during the FY 2015-2016 as under:

- i. Materials costing Nu.0.079 million were procured for the RWSS work at Pachakha of which materials worth Nu.0.044 million were found missing during the joint physical verification and the rest were found lying idle under custody of Tshogpa.
- ii. HDPE pipes costing Nu.0.100 million was procured for Nobgang village of which pipes worth Nu.0.035 million were found short and rest were found unutilised.
- iii. The stock entries were made by unauthorized officials and reflected as directly issued to site.
- iv. Muster Roll payments aggregating to Nu.0.036 million was shown as paid to masons for works that were not executed at site.

The Gewog Administration had been asked to submit the completion report and comprehensive investigation report on missing materials and irregular payment of muster roll. *AIN: 14655; Para; 1; Accountabilities: Direct: Lal Bdr. Chhetri, Asst. Engineer, EID No. 200607012; Supervisory: Tandin Dorji, DE, EID No. 200401026*

Status: *Para remained unresolved.*

IV. KABJISA

The Gewog Administration, Kabjisa had not resolved irregularity of Nu.0.093 million reported to the Parliament in June 2018 as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Violation of laws and rules	0.093	-	0.093	-
	Total	0.093	0.000	0.093	

The detailed status of irregularity reported to the Parliament in June 2018 which remained unresolved as on 30/09/2018 is as discussed below:

1. Violations of laws and rules - Nu.0.093 million

The case of violation of laws and rules is as indicated below:

1.1. NON-LEVY OF LIQUIDATED DAMAGES FOR DELAY IN COMPLETION OF WORK - NU.0.093 MILLION

The Gewog Administration, Kabjisa had not levied liquidated damages amounting to Nu.0.093 million for delay in completion of works in the maintenance of Eusakha to Dophukha farm road measuring 1.2 km. The construction works were supposed to be completed by 12th May, 2016 but were incomplete and abandoned as noted during audit in December, 2016. The management reported that despite several reminders the contractor had failed to complete the work in time and that the Gewog Tender Committee was in the process of terminating the contract. *AIN: 14654; Para: 2; Accountabilities: Direct: Thinley Dorji, Asst. Engineer, EID No. 201001712; Supervisory: Tandin Dorji, DE, EID No. 200401026*

Status: Para remained unresolved.

1.1.3.8. GEWOGS ADMINISTRATION UNDER WANGDUEPHODRANG DZONGKHAG

I. GASETSHOWOM

Out of the total unresolved irregularities of Nu.0.096 million reported to the Parliament in June 2018, the Gewog Administration, Gasetshowom had resolved the irregularities without monetary value leaving a balance of Nu.0.096 million as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Violation of laws and rules	-	-	-	100
2	Shortfalls, lapses and deficiencies	0.096	-	0.096	-
Total		0.096	0.000	0.096	

The detailed status of irregularities reported to the Parliament in June 2018; irregularities resolved thereafter and unresolved as on 30/09/2018 are as discussed below:

1. Violations of laws and rules

There were cases of violation of laws & rules as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
1.1	Construction of Farm Road in excess of length approved in the Environmental Clearance	-	-	Settled
1.2	Construction of Farm Road without Environmental Clearance	-	-	Settled
Total		-	-	

The cases of violation of laws and rules are as indicated below:

1.1. CONSTRUCTION OF FARM ROAD IN EXCESS OF LENGTH APPROVED IN THE ENVIRONMENTAL CLEARANCE

The Gewog Administration, Gasetshowom had obtained Environmental Clearance for the construction of 1,508 metres of Shingkey-Phakha farm road against which the contractor was allowed to construct 1,930 metres, thereby resulting in excess road construction of 422 meters without Environmental Clearance. *AIN: 14774; Para: 2.1; Accountabilities: Direct: Kinzang Thinley, Gup, CID No. 11907000824; Supervisory: Kinzang Thinley, Gup, CID No. 11907000824*

Status: Para was resolved vide Follow-up Report No. RAA/OAAG(T)FUS-01/2018-2019/0179 dt. 20.08.2018.

1.2. CONSTRUCTION OF FARM ROAD WITHOUT ENVIRONMENTAL CLEARANCE

The Gewog Administration, Gasetshowom had not obtained the Environment Clearance for the construction of 600 meters Dhelum Farm Road. The lapses had occurred due to poor coordination between the Gewog Administration and Dzongkhag Administration (Environment Section) in obtaining and providing the Environment Clearance. *AIN:*

14774; Para: 2.2; Accountabilities: Direct: Kinzang Thinley, Gup, CID No. 11907000824; Supervisory: Kinzang Thinley, Gup, CID No. 11907000824

Status: Para was resolved vide Follow-up Report No. RAA/OAAG(T)FUS-01/2018-2019/0179 dt. 20.08.2018.

2. Shortfalls, Lapses and Deficiencies - Nu.0.096 million

The case of shortfalls, lapses and deficiencies is as indicated below:

2.1. OUTSTANDING ADVANCES - NU.0.096 MILLION

The Gewog Administration, Gasetshowom had overdue advances amounting to Nu.0.096 million on account of Public Works Advance pertaining to Fiscal Year 2013-2014. *AIN: 14774; Para: 1; Accountabilities: Direct: Kinzang Thinley, Gup, CID No. 11907000824; Supervisory: Kinzang Thinley, Gup; CID No. 11907000824*

Status: Para remained unresolved.

II. NYISHO

Out of the one unresolved irregularity reported to the Parliament in June 2018, the Gewog Administration, Nyisho had not resolved the same as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	-	-	-	-
	Total	-			

The detailed status of irregularity reported to the Parliament in June 2018 which remained unresolved as on 30/09/2018 is as discussed below:

1. Shortfalls, Lapses and Deficiencies

The case of shortfalls, lapses and deficiencies is as indicated below:

1.1. OUTSTANDING PUBLIC WORKS ADVANCES

The Gewog Administration, Nyisho had overdue Public Works Advances pertaining to the financial year 2015-2016. *AIN: 14802; Para: 1; Accountabilities: Direct: Tshering Dorji, GAO, EID No. 201105031; Supervisory: Dorji, Gup, CID No. 11910000347*

Status: Para remained unresolved.

III. ATHANG

Out of the one unresolved irregularity reported to the Parliament in June 2018, the Gewog Administration, Athang had not resolved the same as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Violation of laws and rules	-	-	-	-
Total		-	-	-	-

The detailed status of irregularity reported to the Parliament in June 2018 which remained unresolved as on 30/09/2018 is as discussed below:

1. Violations of laws and rules

The case of violation of laws and rules is as indicated below:

1.1. NON-ACHIEVEMENT OF GRADIENT IN THE CONSTRUCTION OF FARM ROAD

The Gewog Administration, Athang had not achieved the standard gradient for 'Level Terrain' of 0 to 10 per cent, for about 80 meters in the construction of farm road from Lopokha to Zhubizung due to change of alignment from the previously surveyed alignment.

As per the Guidelines on Road Classification System and Delineation of Construction and Maintenance Responsibilities 2009, *Level terrain should be 0 to 10 per cent; Rolling terrain between 10 to 25 per cent; Mountainous terrain between 25 to 60 per cent; and Steep terrain to be more than 60 per cent.*

The longitudinal gradient was found to be more than 10 percent. The Site Engineer confirmed that gradient for the particular stretch was around 15 per cent. The lapses apparently occurred due to lack of proper feasibility study prior to commencing the works. *AIN: 14768; Para: 2; Accountabilities: Direct: Phub Dorji, AE, EID No. 2007080; Supervisory: Khandu Dorji, Gup, CID No.11901000845*

Status: *Para remained unresolved.*

IV. KAZHI

Out of the one unresolved irregularity reported to the Parliament in June 2018, the Gewog Administration, Kazhi had not resolved the same as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Violation of laws and rules	-	-	-	-
	Total	-	-	-	-

The detailed status of irregularity reported to the Parliament in June 2018 which remained unresolved as on 30/09/2018 are as discussed below:

1. Violations of laws and rules

The case of violation of laws and rules is as indicated below:

1.1. ACCEPTANCE OF DEFECTIVE WORKS IN MAINTENANCE OF FARM ROAD

The Gewog Administration, Kazhi had accepted defective works in 'providing and laying Granular Sub-Base course (GSB)' for the maintenance of farm road from Chuchuna to Chagina & from Nyedokha to Dangu. Materials directly extracted from local quarry without proper gradation were used for laying GSB in the farm road construction. The use of uneven sized stones had resulted in uneven road surface due to which the roads were bumpy even after laying of GSB and other binding materials on top. The substandard work was confirmed through quality test for density, gradation and aggregate on a portion of the road that was extracted for the test. The Gewog Administration and officials concerned failed to supervise and monitor the work which is evident from the poor workmanship of the works executed. *AIN: 14803; Para: 3; Accountabilities: Direct: Wangdi, Gup, CID No. 11911001253; Supervisory: Wangdi, Gup, CID No. 11911001253*

Status: Para remained unresolved.

1.1.3.9. GEWOG ADMINISTRATIONS UNDER SAMTSE DZONGKHAG

I. TENDRUK

Out of the total unresolved irregularities of Nu.0.041 million reported to the Parliament in June 2018, the Gewog Administration, Tendruk had recovered the amount of Nu.0.041 million leaving balance unresolved irregularity as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Fraud, Corruption & Embezzlement	0.041	0.041	-	-
	Total	0.041	0.041	-	-

The detailed status of irregularity reported to the Parliament in June 2018 which remained unresolved as on 30/09/2018 is as discussed below:

1. Fraud, Corruption and Embezzlement

The case with elements of fraud, corruption and embezzlement is as indicated below:

1.1. MISAPPROPRIATION OF CASH

The Gewog Administration, Tendruk had a case of misappropriation of cash amounting to Nu.0.041 million. The cash was withdrawn by the former Gup vide cheque No. 3750002 dated 23rd December 2015, but no voucher was prepared for the payment. The Gaydrung informed that the cash was withdrawn for construction of shed for fire extinguisher in the Gewog. However, the structure had not been constructed even after a lapse of 11 months at the time of audit in March 2016. The misappropriation had occurred apparently due to abuse of authority by the former Gup during his tenure. *AIN: 14292; Para: 1; Accountabilities: Direct: Sonam Jamtsho, Geydrung, CID No. 11812001576; Supervisory: Pema Wangchuk, Ex-Gup, CID No. 11216000382*

Status: Partially resolved. Principal amount of Nu.41,000 was recovered along with 24% penalty amounting to Nu.12,940.27 vide money receipt No.456478 dated.03/08/2018. However, appropriate action still needs to be taken.

1.1.3.10. GEWOGS ADMINISTRATION UNDER TRONGSA DZONGKHAG

I. KORPHU

The Gewog Administration, Korphuhad not resolved irregularity of Nu.0.039 million reported to the Parliament in June 2018 as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Violation of laws and rules	0.039	-	0.039	-
	Total	0.039	-	0.039	

The detailed status of irregularity reported to the Parliament in June 2018 which remained unresolved as on 30/09/2018 is as discussed below:

1. Violations of laws and rules - Nu.0.039 million

The case of violation of laws and rules is as indicated below:

1.1. NON-LEVY OF LIQUIDATED DAMAGES FOR DELAY IN SUPPLY OF BRIDGE PARTS - NU.0.039 MILLION

The Gewog Administration, Korphu had not levied 10% liquidated damages amounting to Nu.0.039 million for delay in supply of bridge parts by 23 days as on 5th August 2016. The Gewog Administration had made payment of bills without receiving the materials from the supplier. The lapses had occurred due to failure on part of the Dzongkhag Administration to depute committee/engineer to verify the parts before dispatch. *AIN: 14576; Para: 1; Accountabilities: Direct: Dorji Phuntsho, JE, EID No. 20140103501; Supervisory: Tshetrim Dorji, Ex. Gup, CID No. 11702000957*

Status: Para remained unresolved.

II. LANGTHIL

Out of the one unresolved irregularity reported to the Parliament in June 2018, the Gewog Administration, Langthil had resolved the same as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Violation of laws and rules	-	-	-	100
	Total	-	-	-	

The detailed status of irregularity reported to the Parliament in June 2018 which was resolved as on 30/09/2018 is as discussed below:

1. Violations of laws and rules

The case of violation of laws and rules is as indicated below:

1.1. NON-SUBMISSION OF DOCUMENTS TO THE DNP FOR PROCUREMENT OF HDPE PIPES

The Gewog Administration had procured HDPE pipes valuing Nu.0.242 million for the construction of irrigation channel and RWSS, but had not submitted invoices for the procurements to the Department of National Properties, MoF as required vide circular No. FM/DNP/GP-46/2014-2015/422 dated 8th September 2015 for cross verification of rebate deposited by Bhutan Polythene Company Limited. *AIN: 14575; Para: 2; Accountabilities: Direct: Tashi Tshomo, Accountant, EID No. 201007228; Supervisory: Sonam Dendup, Gup, CID No. 11703000276*

Status: Para was resolved as a list of procurement of HDPE pipes invoices was sent to DNP, MoF, Thimphu vide letter No.GAL/ADmn/06/2017/113 dated 14/02/2017.

III. DRAAGTENG

Out of the one unresolved irregularity reported to the Parliament in June 2018, the Gewog Administration, Draagteng had resolved the same as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Violation of laws and rules	-	-	-	100
Total		-	-	-	

The detailed status of irregularities reported to the Parliament in June 2018 which was resolved as on 30/09/2018 are as discussed below:

1. Violations of laws and rules

The case of violation of laws and rules is as indicated below:

1.1. NON-SUBMISSION OF DOCUMENTS TO DNP FOR PROCUREMENT OF HDPE PIPES

The Gewog Administration had procured HDPE pipes valuing Nu.0.840 million for the construction of irrigation channel and RWSS, but had not submitted invoices for the procurements to the Department of National Properties, MoF as required vide circular No. FM/DNP/GP-46/2014-2015/422 dated 8th September 2015 for cross verification of rebate deposited by Bhutan Polythene Company Limited. *AIN: 14609; Para: 2; Accountabilities: Direct: Tashi Tshomo, Accountant, EID No. 201007228; Supervisory: Galley Chopel, Ex Gup, CID No. 11701001613*

Status: Para was resolved as a list of report sent to DNP, MoF, Thimphu vide letter No.DGA/2017/313 dated 03/02/2017 on procurement of HDPE pipes was intimated to the RAA vide letter No.DGA/01/2017/223 dated 27/10/2017.

1.1.3.11. GEWOGS ADMINISTRATION UNDER DAGANA DZONGKHAG

I. LHAMOI DZINGKHA

Out of the one unresolved irregularity reported to the Parliament in June 2018, the Gewog Administration, Lhamoi Dzingkha had not resolved the same as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	-	-	-	-
Total		-	-	-	-

The detailed status of irregularity reported to the Parliament in June 2018 which remained unresolved as on 30/09/2018 is as discussed below:

1. Shortfalls, lapses and deficiencies

The case of shortfalls, lapses and deficiencies is as indicated below:

1.1. IRREGULARITIES IN THE CONSTRUCTION OF NU.4.772 MILLION WORTHFARM ROAD FROM SIBSOONI TO NAUTALAY

The Gewog Administration, Lhamoi Dzingkha had irregularities in the construction of 3.2 KM farm road from Sibsooni to Nautalay valuing Nu.4.772 million. The Gewog Administration had taken over the works before completion and it was agreed that the balance works of constructing culvert would be executed after the monsoon season. However, the casting of slab for the construction of culvert was not executed at the time of audit in November 2016 as the heavy monsoon had damaged the abutments and wing walls. In addition, there was no fund for reconstructing the damaged works.

Also, the disaster focal person had failed to report to the Department of Disaster Management for additional financial support. The road remains unpliable as the culverts are yet to be completed. The lapses had occurred due to the negligence of Gewog Administration and the disaster focal person. *AIN: 14607; Para: 1; Accountabilities: Direct: Sherab Gyeltshen, Ex-Gup, CID No.11309000261; Laxuman Koirala, Mangmi, CID No. 11309001060; Indra Bdr. Sunar, Former Sibsooni Tshogpa, CID No. 11309002395; Prakash Gurung, Asst. Engineer-IV, EID No. 200508202; Singye Dorji, Gewog Accountant, EID No. 20141204884; Sonam Wangdi, Agri. Extension Officer, EID No. 9507114; Supervisory: Surja Bdr. Limbo, Gup, CID No. 11309001455*

Status: Para remained unresolved.

II. DRUJEYGANG

Out of the four unresolved irregularities reported to the Parliament in June 2018, the Gewog Administration, Drujeygang had resolved one irregularity leaving others unresolved as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Fraud, Corruption & Embezzlement	-	-	-	-
2	Mismanagement	-	-	-	-
3	Violation of laws and rules	-	-	-	-
	Total	-	-	-	-

The detailed status of irregularities reported to the Parliament in June 2018; irregularity resolved thereafter and unresolved as on 30/09/2018 are as discussed below:

1. Fraud, Corruption & Embezzlement

The case with elements of fraud, corruption & embezzlement of is as indicated below:

1.1. CMU MACHINE USED FOR LOADING STONE FROM PRIVATE QUARRY

The Ex-Gup of Gewog Administration, Drujeygang had misused CMU machineries hired for executing GDG funded works. As per complaints made by public, a total of 300 trips had been made for transporting stones from M/s UP Construction Private Quarry to Yungsibi (Yungtsi Zero Point) between 14th May and 29th June 2016. Upon enquiry with machine driver, he stated that the machine was used for loading 70 trips of base course materials. The Gewog Administration was recommended to work out and recover the hiring charges for the duration of misuse of CMU machineries. *AIN: 14525; Para: 1.6; Accountabilities: Direct: Thinley Wangchuk, Ex-Gup, CID No. 10302000650; Supervisory: Karma Tshering, Gup, CID No. 10310001047*

Status: Para was resolved as the amount of Nu.9,647.12 recovered vide Receipt No. A00263 dated 05/09/2018.

The case of mismanagement as indicated below:

1.2. CONSTRUCTION OF HINDU TEMPLE ON PRIVATE LAND

The Gewog Administration, Drujeygang had awarded the construction of Hindu Temple on a 22 decimal land purchased by the public of Pangna Hindu Committee (PHC) as a community contract for Nu.1.000 million. The PHC had initially decided to construct the temple at Nu.0.600 million. No explanation was provided as to why the PHC was not given a chance to construct the temple at the cost lower than that of the community contract. At the time of audit in November 2016, the structure was found to have been kept idle without rendering any services to the public and also the transfer of thram and ownership of land was not processed with resultant wastage of resources. *AIN: 14525; Para: 5; Accountabilities: Direct: Thinley Wangchuk, Ex-Gup, CID No. 10302000650; Supervisory: Karma Tshering, Gup, CID No. 10310001047*

Status: Para remained unresolved.

2. Violation of Laws & Rules

There were cases of violation of laws & rules as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
3.1	Irregular construction of two parallel roads without obtaining approval	-	-	-
3.2	Change of alignment without approval	-	-	-
	Total	-	-	-

The cases of violation of laws & rules are as indicated below:

2.1. IRREGULAR CONSTRUCTION OF TWO PARALLEL ROADS WITHOUT OBTAINING APPROVAL

The Gewog Administration, Drujeygang had constructed a second farm road parallel to the old farm road that connected to Namdruchholling Goenpa. The newly constructed, second farm road had disturbed soil stability and was also in bad condition with soil erosion taking place at various locations posing risk to the old road. The approval or endorsement from the Gewog Tshogde for the construction of the new farm road was not on record. Hence, the work initiated at the discretion of the then Gupwas not in line with the Gewog Chatrim. Further, the amount spent on constructing the second farm road was not only wasteful but the road added no value to the already existing road. *AIN: 14525; Para: 1.4; Accountabilities: Direct: Thinley Wangchuk, Ex-Gup, CID No. 10302000650; Supervisory: Karma Tshering, Gup, CID No. 10310001047*

Status: Para remained unresolved.

2.2. CHANGE OF ALIGNMENT WITHOUT APPROVAL

The Gewog Administration, Drujeygang had changed alignment of the farm road from Pangna to Gewog Centre and illegally diverted 500 meters of the road towards the house of Ex-Gup. There was no approval from the competent authority for the diversion of road. *AIN: 14525; Para: 1.5; Accountabilities: Direct: Thinley Wangchuk, Ex-Gup, CID No. 10302000650; Supervisory: Karma Tshering, Gup, CID No. 10310001047*

Status: Para remained unresolved.

1.1.3.12. GEWOGS ADMINISTRATION UNDER SAMDRUPJONGKHAR DZONGKHAG

I. DEWATHANG

Out of the one unresolved irregularity reported to the Parliament in June 2018, the Gewog Administration, Dewathang had not resolved the same as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	-	-	-	-
	Total	-	-	-	-

The detailed status of irregularity reported to the Parliament in June 2018 which remained unresolved as on 30/09/2018 is as discussed below:

1. Shortfalls, Lapses and Deficiencies

The case of shortfalls, lapses and deficiencies is as indicated below:

1.1. NON-RECONCILIATION OF NON-BUDGETARY FUND

The Gewog Administration, Dewathang had unreconciled differences of Nu.0.090 million between the receipts of 10% Securities/Earnest Money and the deposit of the same into the Refundable Deposit Account maintained with the DPA, MoF, and difference of Nu.0.064 million between the refundable releases obtained from DPA, MoF and refunds made to the parties.

The Gewog Administration had not fully deposited the receipts of 10% Securities and EMD into the Refundable Deposit Account and had released more payments than the actual receipt of Refundable release from DPA to the parties. The lapses had occurred due to lack of due diligence on part of the dealing accountant. *AIN: 14306; Para: 2; Accountabilities: Direct: Purna Bdr. Chettri, Accounts Assistant, EID No. 9504034; Supervisory: Sonam Wangdi, GAO, EID No.200803057*

Status: Para remained unresolved.

II. SERTHI

Out of the one unresolved irregularity reported to the Parliament in June 2018, the Gewog Administration, Serthi had not resolved the same as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Violation of laws and rules	-	-	-	-
	Total	-	-	-	-

The detailed status of irregularity reported to the Parliament in June 2018 which remained unresolved as on 30/09/2018 is as discussed below:

1. Violations of laws and rules

The case of violation of laws and rules is as indicated below:

1.1. RELEASE OF FINAL BILL BEFORE COMPLETION OF FARM ROAD CONSTRUCTION

The Gewog Administration, Serthi had released the final bill payment amounting to Nu.2.795 million before completion of farm road construction from Phogcheri to Serthi village. However, about 10 meters of the total road length had not been executed at the time of audit in October 2016. The Gewog Administration had also not levied liquidated damages as per contract agreement. The lapses had occurred apparently due to inadequate supervision and monitoring by the Site Engineer and Gewog Administration.

AIN: 14314; Para: 2; Accountabilities: Direct: Tshering Dorji, Junior Engineer, EID No. 20140103491; Supervisory: Gempo, GAO, EID No. 200705058

Status: Para remained unresolved.

1.1.3.13. GEWOGS ADMINISTRATION UNDER TRASHIGANG DZONGKHAG

I. RADHI

Out of the one unresolved irregularity reported to the Parliament in June 2018, the Gewog Administration, Radhi had not resolved the same as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	-	-	-	-
Total		-	-	-	-

The detailed status of irregularity reported to the Parliament in June 2018 which remained unresolved as on 30/09/2018 are as discussed below:

1. Shortfalls, lapses and deficiencies

The case of Shortfalls, lapses and deficiencies is as indicated below:

1.1. DEFECTIVE WORKS IN THE CONSTRUCTION OF KUNGYER'S RESIDENCE IN BONGMEN LHAKHANG

The Gewog Administration, Radhi had not directed the contractor to rectify defective works noted in the construction of Caretaker's Residence in Bongmen Lhakhang. The completed construction works had several defects such as cracks above window and in plinth protection, and peeling-off of plastering works. The lapses occurred apparently due to inadequate supervision and improper verification of cement mixture ratios during execution of works at site by the Site Engineer. *AIN: 14485; Para: 1; Accountabilities: Direct: P.B. Rai, Engineer, EID No. 8908077; Supervisory: Kulung, Gup, CID No. 11510003192*

Status: Para remained unresolved.

II. SAMKHAR

Out of the one unresolved irregularity reported to the Parliament in June 2018, the Gewog Administration, Samkhar had resolved the irregularity as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Violation of laws and rules	-	-	-	100
	Total	-	-	-	

The detailed status of irregularity reported to the Parliament in June 2018 which was resolved as on 30/09/2018 are as discussed below:

1. Violations of laws and rules

The case of violation of laws and rules is as indicated below:

1.1. NON-RECTIFICATION OF COLLAPSED RETAINING WALL

A retaining wall constructed by Community Contractor at a cost of Nu.0.500 million along the Yenangbrangsa farm road under Samkhar Gewog was washed away due to continuous rainfall. The Gewog Administration had agreed to reconstruct the wall in the audit exit meeting in January 2017. *AIN: 14528; Para: 1; Accountabilities: Direct: Samten Galey, JE, EID No. 201400042; Supervisory Accountability: Karma, Gup, CID No.11512001583*

Status: Para was resolved based on the justification provided vide letter No. DAT/DES/08/2017-2018/5822 dated 4/04/2018 by Dzongkhag Administration, Trashigang.

III. PHONGMED

Out of the one unresolved reported to the Parliament in June 2018, the Gewog Administration, Phongmed had resolved the irregularity as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Violation of laws and rules	-	-	-	100
	Total	-	-	-	

The detailed status of irregularity reported to the Parliament in June 2018 which was resolved as on 30/09/2018 is as discussed below:

1. Violations of laws and rules

The case of violation of laws and rules is as indicated below:

1.1. LAPSES IN THE CONSTRUCTION OF KITCHEN AT PHIMSANG LHAKHANG

In the construction of Kitchen at Phimsong Lhakhang under the Gewog Administration, Phongmey, the plastering works on the wall were found incomplete and window shutters were not provided. The lapses had apparently occurred due to improper planning and supervision of the works. In addition, accounts for sum of Nu.0.050 million, contributed by the community for the Lhakhang construction were not available for audit verification. *AIN: 14529; Para: 2; Accountabilities: Direct: Pelden Dorji, Gup, CID No. 11509000811; Supervisory: Pelden Dorji, Gup, CID No. 11509000811*

Status: Para was resolved based on completion of works reported vide letter No.JEP/Adm/20/2016-17/330 dated 3/2/2018 of Gewog Administration, Phongmey.

1.1.4. AUTONOMOUS AGENCIES

1.1.4.1. THIMPHU THROMDE

Out of the total unresolved irregularities of Nu.23.083 million reported to the Parliament in June 2018, Thimphu Thromde had resolved irregularities of Nu.0.045 million leaving a balance of Nu.23.038 million as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Mismanagement	1.101	0.045	1.056	4.09
2	Violation of laws and rules	5.760	-	5.760	-
3	Shortfalls, lapses and deficiencies	16.222	-	16.222	-
	Total	23.083	0.045	23.038	

The detailed status of irregularities reported to the Parliament in June 2018; irregularities resolved thereafter and unresolved as on 30/09/2018 are as discussed below:

1. Mismanagement - Nu.1.101 million

There were cases of mismanagement involving Nu.1.101 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
1.1.	Reduction of parking slots with resultant revenue loss	1.101	0.045	1.056
1.2.	Other mismanagement of properties	-	-	-
	Total	1.101	0.045	1.056

The cases of mismanagement are as indicated below:

1.1. REDUCTION OF PARKING SLOTS WITH RESULTANT REVENUE LOSS OF NU.1.101 MILLION

There was reduction in parking slots resulting in revenue loss of Nu.1.101 million. The revision was made due to reduction in parking spaces along Centenary Farmer's Market and above Memorial Chorten when the parking lots were handed over to the contractor. The deducted spaces were either converted to taxi parking or used by private building owners for stacking construction materials without any charges thereon. *AIN: 14467; Para: 5.1; Accountabilities: Direct: Ugyen Lhamo, Asstt. Engineer, EID No. 9901114; Supervisory: Mahesh Pradhan, Specialist, EID No. 8901047*

Status: Partially resolved. The Thimphu Thromde had recovered Nu.45,360.00 and deposited into CD accounts vide non revenue receipt No. 2668 dated 05/09/2018 on account of compensation paid to M/s Thun Dreal Yangsum Enterprise for the affected parking area. However, the revenue loss of Nu.441,000.00 for forty-two (42) parking slots behind N.N. Tshongkhang is yet to be recovered.

1.2. OTHER MISMANAGEMENT OF PROPERTIES

Thimphu Thromde had laid Hume pipes costing Nu.0.300 million at three different locations in Pamtsho to drain out water into the Wangchu River. The pipes at one location were destroyed due to construction of private building. Lack of proper monitoring by Thimphu Thromde coupled with civic imprudence of the private party had resulted in destruction of the Government property. *AIN: 14467; Para: 11; Accountabilities: Direct: Teknath Karaia, Dy. Executive Engineer, EID No. 201001178; Supervisory: Tshering Peljore, Forest Officer, EID No. 9211045*

Status: Para remained unresolved. The payment of Nu.268,320.00 for items not specified in the quotation is yet to be recovered and deposited into audit recoveries account.

2. Violation of Laws & Rules - Nu.5.760 million

There were cases of violation of laws & rules involving Nu.5.760 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
2.1	Siphoning-off of Nu.5.492 million	5.492	-	5.492
2.2	Payment made for items not specified in the quotation	0.268	-	0.268
2.3	Irregularities in construction of low income housing Scheme	-	-	-
2.4	Decision of Thromde Tshogde meeting not in line with the Thromde Rules, 2011	-	-	-
2.5	Non-production of supporting	-	-	-

	documents			
2.6	Irregularities in awarding of work and non-production of documents	-	-	-
	Total	5.760	-	5.760

The cases of violation of laws & rules are as indicated below:

2.1. SIPHONING-OFF OF US\$0.086 MILLION - NU.5.492 MILLION

Thimphu Thromde had an incident where a hacker siphoned-off Nu.5.492 million (US\$0.086 million) by causing Thimphu Thromde to transfer the amount into an account which was not actually the account of the supplier for procurement of three incinerators. The transfer of 50% advance intended to the supplier - M/s Benjamin Heating System Co. Ltd. in Thailand - was siphoned-off to another bank account in Hong Kong. It was evident from the bank account details in the e-mails sent to the dealing official that three out of four bank accounts did not relate to the supplier in Thailand as the bank accounts and address mentioned were in Hong Kong. The officials concerned had failed to exercise due diligence while verifying the documents and approving the transfer. However, no action was found taken on the lapse. *AIN: 14467; Para: 1.1; Accountabilities: Direct: Yeshe Wangdi, Dy. Executive Engineer, EID No. 200207053; Supervisory: Yeshe Wangdi, Dy. Executive Engineer, EID No. 200207053*

Status: Para remained unresolved. No appropriate action has been taken against the accountable official, Yeshe Wangdi for negligence and loss of USD 85,500.

2.2. PAYMENT MADE FOR ITEMS NOT SPECIFIED IN THE QUOTATION - NU.0.268 MILLION

Thimphu Thromde made payment of Nu.0.268 million for special stainless tray for electric cremators that was not specified in the quotation. RAA deemed that the tray should have been part of the three unit electric incinerators procured. Further, the stainless tray was designed for old electric incinerator and was not compatible to the new machines. Thus, the acceptance of stainless tray for the new machines and the payments made for the same were not justified. *AIN: 14467; Para: 1.2; Accountabilities: Direct: Phurba Tshering, Asstt. Engineer II, EID No. 200207055; Supervisory: Yeshe Wangdi, Dy. Executive Engineer, EID No. 200207053*

Status: Para remained unresolved.

2.3. IRREGULARITIES IN CONSTRUCTION OF LOW INCOME HOUSING SCHEME

Thimphu Thromde had constructed two houses for low-income group with approval from Thromde Tshogde. Since the Local Government Act 2009 does not empower Thromde Tshogde to approve such scheme, the approval and construction was deemed inappropriate. Besides, the construction due to be completed on 22/10/15 was still not completed as of date of audit (19/09/16). Further, the work was directly awarded on

labour contract which was in deviation to PRR 2009. *AIN: 14467; Para: 7; Accountabilities: Direct: Kinley Dorji, Thrompon, CID No. 11410000297; Supervisory: Kinley Dorji, Thrompon, CID No. 11410000297*

Status: *Para remained unresolved.*

2.4. DECISION OF THROMDE TSHOGDE MEETING NOT IN LINE WITH THE THROMDE RULES

The Thromde Tshogde had approved various agendas which were not in line with the Thromde Rules, 2011 and Development Rules and Regulations, 2002. In most of the cases, the Thromde Tshogde had waived-off penalties, imposed nominal fees and regularized illegal construction, etc. beyond the delegated authority. *AIN: 14467; Para: 8; Accountabilities: Direct: Kinley Dorji, Thrompon, CID No. 11410000297; Supervisory: Kinley Dorji, Thrompon, CID No. 11410000297*

Status: *Para remained unresolved.*

2.5. NON-PRODUCTION OF SUPPORTING DOCUMENTS

Thimphu Thromde did not produce documents for payment of Nu.4.901 million made to the Managing Director, NHDCL on account of compensation for demolition of six Government quarters for multi-level car parking construction. In absence of the documents relating to demolition, the correctness of the payment could not be ascertained.

In addition, the stock register for water meters was not made available due to which the correctness of the water meters sold and amounts collected/deposited could not be ascertained. *AIN: 14467; Para: 18; Accountabilities: Direct: Govind Sharma, Sr. Architect, EID No. 201001102; Supervisory: Govind Sharma, Sr. Architect, EID No. 201001102*

Status: *Para remained unresolved.*

2.6. IRREGULARITIES IN AWARDING OF WORK AND NON-PRODUCTION OF DOCUMENTS

Thimphu Thomde had irregularities in awarding the construction of storm water drain at Yangchenphug High School and maintenance of city drains. Bid Evaluation Committee had initially disqualified all the bids as none of the firms submitted the details of equipment and human resource. However, the committee later decided to award the work to M/s Yardak Construction based on his lowest financial bid and ignoring the technical capacity.

Further, deposit of EMD of Nu.0.180 million which was forfeited due to failure to execute the work by the contractor into RGR Account could not be verified due to non-production of related documents. *AIN: 14467; Para: 19; Accountabilities: Direct: Sonam Wangchuk, Asstt. Land Registrar I, EID No. 200605039; Supervisory: Sonam Wangchuk, Asstt. Land Registrar I, EID No. 200605039*

Status: Para remained unresolved.

3. Shortfalls, lapses & deficiencies – Nu.16.222 million

There were cases of shortfalls, lapses & deficiencies involving Nu.16.222 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
3.1	Inadmissible payment of advance to M/s Greener Way	15.641	-	15.641
3.2	Excess payment of Nu.0.351 million and irregularities thereof	0.351	-	0.351
3.3	Excess payment of Nu.0.230 million and defective work thereof	0.230	-	0.230
3.4	Non-recording of works in Measurement Book	-	-	-
3.5	Non-rectification of potholes in the urban roads	-	-	Settled
	Total	16.222	-	16.222

The cases of shortfalls, lapses & deficiencies are as indicated below:

3.1. INADMISSIBLE PAYMENT OF ADVANCE TO M/S GREENER WAY - NU.15.641 MILLION

Thimphu Thromde had made inadmissible advance payments aggregating to Nu.15.641 million to Greener Way for procurement of waste collecting vehicles. No approval from the Thromde Council was obtained for the advance. Moreover, such payments were neither covered under the contract document nor unconditional bank guarantee as required by the PRR 2009 was obtained. Lending financial and other supports in deviation to prevailing norms and contract agreement tantamount to extending undue favour to the contractor. *AIN: 14467; Para: 3; Accountabilities: Direct: Kinley Dorji, Thrompon, CID No. 11410000297; Supervisory: Kinley Dorji, Thrompon, CID No. 11410000297*

Status: Para remained unresolved.

3.2. EXCESS PAYMENT OF NU.0.351 MILLION AND IRREGULARITIES THEREOF

Thimphu Thromde had made excess payments aggregating Nu.0.351 million to M/s Dungkar Construction for riverbank protection works. The excess payment had occurred due to entertainment of excess measurement at site, payment for work not regulated as per BOQ and for works not executed. Further, the constructed chain link mesh along Olarongchu river bank and workshop areas were found damaged. *AIN: 14467; Para: 9; Accountabilities: Direct: Teknath Karaia, Dy. Executive Engineer, EID No. 201001178; Supervisory: Tshering Peljore, Forest Officer, EID No. 9211045*

Status: Para remained unresolved. The amount is yet to be recovered along with the 24% penalty.

3.3. EXCESS PAYMENT - NU.0.230 MILLION

- a) Thimphu Thromde had made an excess payment of Nu.0.110 million to M/s Thuenlam Construction for intermediate wall and slope stabilization works at Youth Development premises. The excess payment had occurred due to payment for quantities in excess of quantities actually executed at site. *AIN: 14467; Para: 10; Accountabilities: Direct: Teknath Karaia, Dy. Executive Engineer, EID No. 201001178; Supervisory: Tshering Peljore, Forest Officer, EID No. 9211045*

Status: Para remained unresolved. The amount is yet to be recovered along with the 24% penalty.

- b) Thimphu Thromde had made excess payments aggregating to Nu.0.120 million to M/s NITT Construction on account of construction of Storm Water Drain at Yangchenphu Higher Secondary School & City Drain, Taba. The excess payments had occurred due to acceptance of excess measurements and arithmetical error in the measurement book as against the actual quantities of work executed at site. *AIN: 14467; Para: 12; Accountabilities: Direct: Kumar Subba, Asstt. Engineer IV, EID No. 201101254; Supervisory: Kumar Subba, Asstt. Engineer-IV, EID No. 201101254*

Status: Para remained unresolved. The amount is yet to be recovered along with the 24% penalty.

3.4. NON-RECORDING OF WORKS IN MEASUREMENT BOOK

Three road maintenance works aggregating to Nu.50.298 million executed by Thimphu Thromde had not been recorded in measurement book. While the materials procured were entered in the MBs, the measurement of works executed were not recorded. *AIN: 14467; Para: 17; Accountabilities: Direct: Kumar Subba, Asstt. Engineer-IV, EID No. 201101254; Supervisory: Sangay Wangchuk, Principal Engineer, EID No. 8908078*

Status: Para remained unresolved.

3.5. NON-RECTIFICATION OF POTHoles IN THE URBAN ROADS

Thimphu Thromde had spent Nu.33.276 million, Nu.44.766 million and Nu.60.696 million for the financial years 2012-13, 2013-14 and 2014-15 respectively for construction and maintenance of urban road networks. Despite spending substantial amounts, many locations at Olakha, Babesa and Taba had numerous potholes and cracks on roads causing inconvenience to commuters/traffic. Defects in the roads were due to lack of timely maintenance and poor workmanship. *AIN: 14467; Para: 20;*

Accountabilities: Direct: Tshering Dorji, Asstt. Engineer, EID No. 200207050; Supervisory: Sangay Wangdi, Principal Engineer, EID No. 8908078

Status: Para was resolved as the pictorial evidences for successful completion of rectification works were furnished.

1.1.4.2. DRATSHANG LHENTSHOG

Out of the total unresolved irregularities of Nu.18.785 million reported to the Parliament in June 2018, Dratshang Lhentshog had resolved irregularities of Nu.0.096 million leaving a balance of Nu.18.689 million as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Fraud, Corruption & Embezzlement	0.096	0.096	-	100
2	Violation of laws and rules	2.340	-	2.340	-
3	Shortfalls, lapses and deficiencies	16.349	-	16.349	-
Total		18.785	0.096	18.689	

The detailed status of irregularities reported to the Parliament in June 2018; irregularities resolved thereafter and unresolved as on 30/09/2018 are as discussed below:

1. Fraud, Corruption and Embezzlement

The case with elements of Fraud, Corruption and Embezzlement is as indicated below:

1.1. PAYMENT MADE FOR WORK NOT EXECUTED

The Dratshang Lhentshog had made payments of Nu.0.096 million to contractor for some items of electrification works not executed at site due to improper verification of the contractors' bill by the Consultant Engineer and Project Engineer in the construction of *Losel Yanchenling Anim Zhirim Lobdra Tewa* at Yagpogang, Monggar. *AIN: 14751; Para: 1.4; Accountabilities: Direct: Rinzin Phurba, Project Engineer, EID No. 9507029; Supervisory: Ugyen Tshering, Project Manager, EID No. 200901028*

Status: Para was resolved based on submission of justification vide letter No.DAH/ES/35/17-18/327 dated 14/03/2018 along with relevant documents.

2. Violation of laws and rules - Nu.2.340 million

There were cases of violation of laws and rules involving Nu.2.340 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
2.1.	Non-levy of 10% Liquidated damages for delay in completion of work	-	-	-
2.2.	Avoidable expenditure on consultancy fee	2.340	-	2.340
	Total	2.340	-	2.340

The cases of violation of laws and rules are as indicated below:

2.1. NON-LEVY OF 10% LIQUIDATED DAMAGES FOR DELAY IN COMPLETION OF WORK

The Dratshang Lhentshög had not levied 10% liquidated damages for delay in completion of work in the construction of *Losel Yanchenling Anim Zhirim Lobdra Tewa* at Yagpogang, Monggar as per General Conditions of Contract (GCC). *AIN: 14751; Para: 1.1; Accountabilities: Direct: Rinzin Phurba, Project Engineer, EID No. 9507029; Supervisory: Ugyen Tshering, Project Manager, EID No. 200901028*

Status: Para remained unresolved. Reminder was sent through letter No.RAA/FUCD(S1-1)2018/2647 dated 10/09/18.

2.2. AVOIDABLE EXPENDITURE ON CONSULTANCY FEE - NU.2.340 MILLION

The Dratshang Lhentshög had incurred an avoidable expenditure of Nu.2.340 million on account of consultancy service fee of Nu.0.060 million per month paid to M/s Basic Consultancy hired as the Supervision Consultant for the construction of *Losel Yanchenling Anim Zhirim Lobdra Tewa* at Yagpogang, Monggar. The Consultant was paid for 39 months even after the expiry of contract duration on 19th February, 2014 and the work progress was delayed by more than three year at the time of Audit in April 2017.

The delay in completion of works by the contractor was aggravated by the failure of the Supervision Consultant in its responsibility and thus the payment of consultancy service fee for supervision was not justifiable. *AIN: 14751; Para: 1.2; Accountabilities: Direct: Rinzin Phurba, Project Engineer, EID No. 9507029; Supervisory: Ugyen Tshering, Project Manager, EID No. 200901028*

Status: Para remained unresolved. Reminder was sent through letter No.RAA/FUCD(S1-1)2018/2647 dated 10/09/18.

3. Shortfalls, lapses and deficiencies - Nu. 16.349 million

There were cases of Shortfalls, lapses and deficiencies involving Nu.16.349million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
3.1.	Excess Payment to Contractor	0.052	-	0.052
3.2.	Outstanding PW Advances	16.297	-	16.297
	Total	16.349	-	16.349

The cases of Shortfalls, lapses and deficiencies involving Nu.16.349 million are as indicated below:

3.1. EXCESS PAYMENT TO CONTRACTOR - NU.0.052 MILLION

The Dratshang Lhentshog had made excess payments amounting to Nu.0.052 million to contractor due to payment at rates higher than quoted rates for some items of works in the construction of *Losel Yanchenling Anim Zhirim Lobdra Tewa* at Yagpogang, Monggar. The lapses had occurred due to oversight by the Consultant Engineer and Project Engineer during the verification of bills, indicating weakness in internal control. *AIN: 14751; Para: 1.3; Accountabilities: Direct: Rinzin Phurba, Project Engineer, EID No. 9507029; Supervisory: Ugyen Tshering, Project Manager, EID No. 200901028*

Status: Para remained unresolved. Reminder was sent through letter No.RAA/FUCD(S1-1)2018/2647 dated 10/09/18.

3.2. OUTSTANDING PW ADVANCES - NU.16.297 MILLION

The Dratshang Lhentshog had overdue Public Works Advances amounting to Nu.16.297 million lying unadjusted against contractor in the construction of *Losel Yangchenling Anim Zhirim Lobdra Tewa* at Yagpogang, Monggar. The contractor had completed about 95% of the work at the time of audit in April 2017, but Mobilization Advance of Nu.2.985 million and Secured Advance of Nu.13.312 million were still lying unadjusted from the contractor.

All advances should have been recovered when 80% of contract works were completed as per General Conditions of Contract. *AIN: 14751; Para: 1.5; Accountabilities: Direct: Rinzin Phurba, Project Engineer, EID No. 9507029; Supervisory: Kinley Dorji, Chief AFD, EID No. 7601031*

Status: Para remained unresolved. Reminder was sent through letter No.RAA/FUCD(S1-1)2018/2647 dated 10/09/18.

1.1.4.3. GELEPHU THROMDE

Out of the total unresolved irregularities of Nu.14.062 million reported to the Parliament in June 2018, Gelephu Thromde had resolved irregularities of Nu.6.245 million leaving a balance of Nu.7.817 million as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Fraud, Corruption & Embezzlement	0.269	0.269	0.000	100
2	Violation of laws and rules	6.027	0.000	6.027	-
3	Shortfalls, lapses and deficiencies	7.766	5.976	1.790	76.95
	Total	14.062	6.245	7.817	

The detailed status of irregularities reported to the Parliament in June 2018; irregularities resolved thereafter and unresolved as on 30/09/2018 are as discussed below:

1. Fraud, corruption and embezzlement

There were cases of fraud, corruption and embezzlement involving Nu.0.269 as indicated below:

1.1. SHORT-DEPOSIT OF REVENUE COLLECTION

Gelephu Thromde had short-deposit of revenue collection amounting to Nu.0.269 million. The lapse had occurred mainly due to deficiency in periodic reconciliation of the collections and deposits and improper revenue and accounting system. *AIN: 14615; Para: 5; Accountabilities: Direct: Mani Sherpa, Accounts Assistant, EID No. 9509029; Supervisory: Jamyang Gyeltshen, Accounts Officer EID No. 201201151*

Status: Para was resolved as the amount of Nu. 218,199.79 was recovered vide Receipt No.416671 dated 07/09/2018; Nu. 6,599.80 vide Receipt No. 416747 dated 20/02/2108 and Nu.50,373.22 settled based on justification submitted vide letter No.GT/Accts-10/2612 of 5/9/2017.

2. Violations of laws and rules - Nu.6.027 million

There were cases of violations of laws and rules involving Nu.6.027 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
2.1	Acceptance of defective GSB layer works	5.960	-	5.960
2.2	Acceptance of defective masonry works	0.067	-	0.067
	Total	6.027	-	6.027

The cases of violations of laws and rules are as indicated below:

2.1. ACCEPTANCE OF DEFECTIVE GSB LAYER WORKS - NU.5.960 MILLION

Gelephu Thromde had accepted defective civil works in the construction of road network and other services in Industrial Service Center. The GSB layer amounting to Nu.5.960 million provided in the road work indicated use of materials directly from the extraction site without proper gradation as required by Bhutan Building and Road Works 2013. Besides, the Thromde had released full payment for the GSB work prior to completion of works, which was indicative of extension of undue favour to the contractor. *AIN: 14615; Para: 1.2; Accountabilities: Direct: Tenzin Pema, Asst. Engineer II, EID No. 200507206; Supervisory: Karma Dupchuk, Chief Engineer, EID No. 2101057*

Status: Para remained unresolved.

2.2. ACCEPTANCE OF DEFECTIVE MASONRY WORKS - NU.0.067 MILLION

Gelephu Thromde had accepted defective masonry works amounting to Nu.0.067 million in the construction of road network and other services in Industrial Service Center. Structural cracks were visible in cross drainage RRM wall indicating poor workmanship in masonry works at a road named 'R-5 downstream towards the left'. The lapses had occurred due to improper execution of works indicating lack of proper supervision and monitoring. *AIN: 14615; Para: 1.3; Accountabilities: Direct: Tenzin Pema, Asst. Engineer II, EID No. 200507206; Supervisory: Karma Dupchuk, Chief Engineer, EID No. 2101057*

Status: Para remained unresolved.

3. Shortfalls, lapses and deficiencies - Nu.1.790 million

There were cases of shortfalls, lapses and deficiencies involving Nu.1.790 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
3.1	Illegitimate payment for GSB layer under footpath, drain & road divider	1.464	-	1.464
3.2	Overpayment in construction of road including drains and other infrastructures	0.326	-	0.326
3.3	Unsettled advance	5.976	5.976	-
	Total	7.766	5.976	1.790

The cases of shortfalls, lapses and deficiencies are as indicated below:

3.1. ILLEGITIMATE PAYMENT FOR GSB LAYER UNDER FOOTPATH, DRAIN & ROAD DIVIDER - NU.1.464 MILLION

The Gelephu Thromde had made an illegitimate payment of Nu.3.075 million in the construction of road network and other services in Industrial Service Center. Since the drawings did not provide laying granular sub-base course (GSB) under footpath, drain

and the road divider, the payment for the work without prior approval of Thromde for changes, was not in conformity to the approved drawings. Out of the total amount, recovery of Nu.1.611 million was made leaving balance of Nu.1.464 million unresolved. *AIN: 14615; Para: 1.1; Accountabilities: Direct: Tenzin Pema, Asst. Engineer II, EID No. 200507206; Supervisory: Karma Dupchuk, Chief Engineer, EID No. 2101057*

Status: Para remained unresolved.

3.2. OVERPAYMENT IN CONSTRUCTION OF ROAD INCLUDING DRAINS AND OTHER INFRASTRUCTURES - NU.0.326 MILLION

The Gelephu Thromde had made an overpayment of Nu.0.326 million on account of construction of road under LAP-I & II. The overpayment had occurred due to difference in the width of the road claimed and paid for and its actual width observed by RAA during the physical verification. *AIN: 14615; Para: 2; Accountabilities: Direct: Indra Prasad Phuyel, Asst. Engineer I, EID No. 9607023; Supervisory: Karma Dupchuk, Chief Engineer, EID No. 2101057*

Status: Para remained unresolved.

3.3. UNSETTLED ADVANCE

The Gelephu Thromde had unsettled advances of Nu.5.976 million paid to Bhutan Power Corporation, Gelephu for realignment of electrical infrastructure in LAP-II. The Thromde had failed to settle the advance despite the fact that the work had been completed in every aspect. *AIN: 14615; Para: 4; Accountabilities: Direct: Krishna Prasad Khatiwara, JE, EID No. 200507238; Supervisory: Chimi Lhaden, Engineer, EID No. 20140103274*

Status: Para was resolved based on supporting documents submitted vide letter No. GT/IDD-08/2016-2017/1949 of 30/6/2017.

1.1.4.4. PHUENTSHOLING THROMDE

Out of the total unresolved irregularities of Nu.9.527 million reported to the Parliament in June 2018, Phuentsholing Thromde had resolved irregularities of Nu.0.881 million leaving a balance of Nu.8.646 as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Mismanagement	3.051	0.818	2.233	26.81
2	Violation of laws and rules	6.379	-	6.379	-
3	Shortfalls, lapses and deficiencies	0.097	0.063	0.034	64.95
Total		9.527	0.881	8.646	

The detailed status of irregularities reported to the Parliament in June 2018; irregularities resolved thereafter and unresolved as on 30/09/2018 are as discussed below:

1. Mismanagement

1.1. OUTSTANDING LAND TAXES - NU.2.230 MILLION

Phuentsholing Thromde had outstanding urban land taxes amounting to Nu.3.051 million lying unsettled for the extended areas under Phuentsholing and Sampheling Gewog. *AIN: 14426; Para: 1.4; Accountabilities: Direct: Deki, Adm. Asstt., EID No. 2009008; Supervisory: Sherub Tenzin, SSE, EID No. 200901218*

Status: Partially resolved. Out of the total amount of Nu.3.051 million; Nu.0.818 million settled leaving a balance of Nu.2.230 million.

2. Violation of Laws & Rules - Nu.6.379 million

There were cases of violation of laws & rules involving Nu.6.379 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
2.1	Damaged road at National Pension & Provident Fund (NPPF) colony	-	-	-
2.2	Non-rectification of damaged permanent structure	6.379	-	6.379
Total		6.379	-	6.379

The case of violation of laws & rules is as indicated below:

2.1. DAMAGED ROAD AT NATIONAL PENSION & PROVIDENT FUND (NPPF) COLONY

There were damages on major portion of the road along NPPF Housing Colony, Phuentsholing causing inconveniences to commuters. The assessed value of such damages worked out to Nu.0.777 million. The Phuentsholing Thromde is yet to furnish evidence of repair and maintenance of the damaged road. *AIN: 14427; Para: 2.1;*

Accountabilities: Direct: Sonam Lhaden, Engineer, EID No. 9607013; Supervisory: D.C. Dhimal, Principal Engineer, EID No. 9502006

Status: Para remained unresolved.

2.2. NON-RECTIFICATION OF DAMAGED PERMANENT STRUCTURE - NU.6.379 MILLION

Phuentsholing Thromde had some damaged permanent structures in construction of 'slope stabilization and mitigation works' at Rinchending under National Adaptation Programme of Action (NAPA-II) project which required timely restoration. The assessed value of the damaged structures derived from the abstract of Cost Sheet (damaged detail) aggregated to Nu.6.379 million. The contract documents of the works required the indemnification of damages by the contractor with the provision to insure the works to cover the nature induced liabilities. Phuentsholing Thromde is yet to furnish evidence of rectification of the damaged structures. *AIN: 15001; Para: 1.1.1; Accountabilities: Direct: Lhendup Dorji, Assistant Engineer, CID No. 10204001700; Supervisory: Tshering Phuentsho, Project Manager, EID No. 9202024*

Status: Para remained unresolved.

3. Shortfalls, lapses & deficiencies - Nu.0.034 million

There were cases of shortfalls, lapses & deficiencies involving Nu.0.034 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
3.1	Differences in Bank Statement & CD Account Cash Book	-	-	-
3.2	Inadmissible payment of salary	0.063	0.063	-
3.3	Excess deposit of PF contribution and non-rectification of account	0.034	-	0.034
	Total	0.097	0.063	0.034

The cases of shortfalls, lapses & deficiencies are as indicated below:

3.1. DIFFERENCES IN BANK STATEMENT AND CD ACCOUNT CASH BOOK

Current Deposit Account of Phuentsholing Thromde had excess deposit of Nu.4.372 million during the fiscal year 2015-16. The revenue collection/deposit as per the cash book was Nu.63.408 million whereas the total deposit as per bank statement was Nu.67.780 million with the excess deposit of Nu.4.372 million. Such huge difference was apparently due to failure of the dealing officials to reconcile the collections and deposits of the revenue; and also due to failure of the Supervising Officer to exercise necessary checks to ensure periodic reconciliation of the balance. *AIN: 14426; Para: 1.3;*

Accountabilities: Direct: Kuenzang Nidup, Accounts Assistant, EID No. 9502006; Supervisory: R. B. Ghalley, Accounts Officer, EID No. 8801083

Status: Para remained unresolved.

3.2. INADMISSIBLE PAYMENT OF SALARY DURING EXTRAORDINARY LEAVE

Phuentsholing Thromde had made inadmissible payment of Nu.0.063 million on account of salary to a teacher for two months during which the teacher was on Extraordinary Leave. *AIN: 14427; Para: 1.3; Accountabilities: Direct: Pem Zam, Teacher, EID No. 9707235; Supervisory: Lham Tshering, DTEO, EID No. 8906029, Kinzang Lhamo, HRO, EID No. 201001027, Dorji Wangchuk, DTEO, EID No. 9707264*

Status: Para was resolved based on the justification furnished vide letter No.EDN.PT/33/2018/7988 dated 17/04/2018 as the incumbent had joined on 01.02.2016 vide thromde letter no.PT/HRD-4/15-2016/3027 dated 01/01/2016, two months earlier than her availed leave date of extra ordinary leave.

3.1. EXCESS DEPOSIT OF PF CONTRIBUTION AND NON-RECTIFICATION OF ACCOUNT - NU.0.034 MILLION

Financial Statement of Phuentsholing Thromde showed an excess deposit of provident fund contribution amounting to Nu.0.034 million. The excess deposit had occurred apparently due to negligence of the accounts personnel and failure on the part of the Supervising Officer to exercise necessary checks to ensure the actual PF amount to be remitted. *AIN: 14427; Para: 1.4; Accountabilities: Direct: Sangay Wangdi, Accounts Assistant, EID No. 201007183; Supervisory: R B Ghalley, Accounts Officer, EID No. 8801083*

Status: Para remained unresolved.

1.1.4.5. NATIONAL LAND COMMISSION SECRETARIAT

Out of the total unresolved irregularities of Nu.2.840 million reported to the Parliament in June 2018, National Land Commission Secretariat had resolved irregularities of Nu.0.135million leaving a balance of Nu.2.705 million as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Violation of laws and rules	2.583	-	2.583	-
2	Shortfalls, lapses and deficiencies	0.257	0.135	0.122	52.53
	Total	2.840	0.135	2.705	

The detailed status of irregularities reported to the Parliament in June 2018; irregularities resolved thereafter and unresolved as on 30/09/2018 are as discussed below:

1. Violation of Laws & Rules - Nu.2.583 million

There were cases of violations of laws and rules involving Nu.2.583 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
1.1	Wrong selection of procurement process	-	-	-
1.2	Improper evaluation of technical bids by the committee and acceptance of equipment not as per specification	0.813	-	0.813
1.3	Procurement of additional heavy duty machine without quotation	1.770	-	1.770
	Total	2.583	-	2.583

The cases of violations of laws and rules are as indicated below:

1.1. WRONG SELECTION OF PROCUREMENT PROCESS

The NLCS had adopted a two-stage procurement process mentioned in Clause 4.3.1.1(c) of PRR 2009, for the procurement of heavy-duty compact machine. The two-stage procurement process is used when the procuring agency is unable to set precise specifications in advance and requires input from experienced bidders in order to finalize and set specifications for best and most appropriate outcome.

However, it was found that the management had obtained all the required specifications at the time of inviting the tender and hence, the process adopted was deemed incorrect/unnecessary, as the situation did not arise. *AIN: 14742; Para: 1.1; Accountabilities: Direct: Biswanath Pradhan, CSE, EID No. 9011078; Supervisory: Biswanath Pradhan, CSE, EID No. 9011078*

***Status:** Para remained unresolved. Based on the 49th Follow-up Committee Meeting held on 26.6.2018, the issue has been forwarded to ACC for investigation vide RAA letter No. RAA/AG-SP/16/2018/254 dt.29.8.2018.*

1.2. IMPROPER EVALUATION OF TECHNICAL BIDS BY THE COMMITTEE AND ACCEPTANCE OF EQUIPMENT NOT AS PER SPECIFICATION - NU.0.813 MILLION

The Technical Evaluation Committee of NLCS had improperly evaluated the technical bids and accepted equipment that was not as per specification, resulting in an avoidable financial implication of Nu.0.813 million in the procurement of heavy duty compact

machine. The winning bid amount was Nu.1.770 million and the rejected bid amount was Nu.0.957 million.

During the technical evaluation, the committee rejected M/s Office Automation's bid for MPW 3601 as it was erroneously specified as "MPW 3061". However, the brochure submitted by the supplier clearly suggested that the bid was for MPW 3601; and hence warranted clarifications from the bidder instead of rejecting the bid. After the evaluation, M/s Nana Enterprise, the winning bidder supplied model MPW 2401 (the model based on which M/s Office Automation was rated low) instead of the specified MPW 3601.

Improper evaluation of bids and acceptance of item other than specified were suggestive of the dealing officials extending undue favor to the supplier and existence of possible collusive practices. *AIN: 14742; Para: 1.2; Accountabilities: Direct: Sonam Dendup, DCSE, EID No. 8805058; Ugyen Dorji, SSE, EID No. 201001114; KB Tamang, Specialist, EID No. 8709025; Tshering Penjor, DCSE, EID No. 200701007; Biswanath Pradhan, CSE, EID No. 9011078; Supervisory: Biswanath Pradhan, CSE, EID No. 9011078*

Status: Para remained unresolved. Based on the 49th Follow-up Committee Meeting held on 26.6.2018, the issue has been forwarded to ACC for investigation vide RAA letter No. RAA/AG-SP/16/2018/254 dt.29.8.2018.

1.3. PROCUREMENT OF ADDITIONAL HEAVY DUTY MACHINE WITHOUT QUOTATION - NU.1.770 MILLION

The NLCS had procured an additional printer from M/s Nana Enterprise at Nu.1.770 million without quotation. The NLCS had not carried out needs assessment for the additional printer, the earlier tender document showed requirement for only one printer. Further, the supplier had provided a completely different machine of model MP CW 2200 instead of the required MPW 3601.

The procurement anomaly were indicative of possible collusion between the supplier and the dealing official. *AIN: 14742; Para: 1.3; Accountabilities: Direct: Biswanath Pradhan, CSE, EID No. 9011078; Supervisory: Biswanath Pradhan, CSE, EID No. 9011078*

Status: Para remained unresolved. Based on the 49th Follow-up Committee Meeting held on 26.6.2018, the issue has been forwarded to ACC for investigation vide RAA letter No. RAA/AG-SP/16/2018/254 dt.29.8.2018.

2. Shortfalls, lapses and deficiencies - Nu.0.122million

There were cases of shortfalls, lapses and deficiencies involving Nu.0.122 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
2.1	Non-return of laptops/computers by the employee on long-term leave	0.135	0.135	-

2.2	Outstanding from sale of Feno Pegs	0.122	-	0.122
	Total	0.257	0.135	0.122

The cases of shortfalls, lapses and deficiencies are as indicated below:

2.1. NON-RETURN OF LAPTOPS/COMPUTERS BY EMPLOYEES ON LONG-TERM LEAVE

Three officials of NLCS had gone on extraordinary leave without surrendering laptops/computers valuing Nu.0.135 million issued for official use, which was in violation of the Property Management Manual. *AIN: 14742; Para: 6; Accountabilities: Direct: Sonam Choden, ICT Technician Associate I, EID No. 201007027; Yeshe Dorji, Director, EID No. 200301093; Supervisory: Tandin Wangyal, Dy.CPO, EID No. 7803025*

Status: Para was resolved as the laptop was returned back to NLCS.

2.2. OUTSTANDING FROM SALE OF FENO PEGS - NU.0.122 MILLION

The NLCS had not collected sale proceeds of Feno Pegs amounting to Nu.0.122 million from the Thromde Office, Samdrup Jongkhar which were issued in 2015-2016. *AIN: 14742; Para: 7; Accountabilities: Direct: K S Tamang, Surveyor, EID No. 8504037; Supervisory: Pema Thinley, Store Incharge, EID No. 201002014*

Status: Para remained unresolved.

1.1.4.6. TOURISM COUNCIL OF BHUTAN

Out of the total unresolved irregularities of Nu.2.695 million reported to the Parliament in June 2018, Tourism Council of Bhutan had resolved irregularities of Nu.0.257 million leaving a balance of Nu.2.438 million as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	2.695	0.257	2.438	9.54
	Total	2.695	0.257	2.438	

The detailed status of irregularities reported to the Parliament in June 2018; irregularities resolved thereafter and unresolved as on 30/09/2018 are as discussed below:

1. Shortfalls, lapses and deficiencies - Nu.2.438million

There were cases of shortfalls, lapses and deficiencies involving Nu.2.695 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
1.1	Payment of group discount beyond the provision	2.438	-	2.438
1.2	Difference in collection	0.257	0.257	-
1.3	Unreconciled difference of US\$ 1.727 million	-	-	-
1.4	Difference in Revenue deposited by TCBL and National Revenue Report 2015-16	-	-	-
	Total	2.695	0.257	2.438

The cases of shortfalls, lapses and deficiencies are as indicated below:

1.1. PAYMENT OF GROUP DISCOUNT BEYOND THE PROVISION - NU.2.438 MILLION

The TCB had offered discounts that are not as per prevailing norm which resulted in forgoing revenue of Nu.2.438 million. The prevailing norm¹ allows a 100% discount to one member in a group exceeding 16 persons and does not specify offering more discount to larger groups with 32 or 48 persons. However, the Council had offered discount to two members in groups exceeding 32 persons, thereby contradicting the provision. *AIN: 14759; Para: 2; Accountabilities: Direct: Tashi Tenzin, ICT Officer, EID No. 200901149; Supervisory: Tashi Tenzin, Head, Service Division, EID No. 200401215*

Status: Para remained unresolved. The matter was deliberated in the 52nd Follow-up Committee Meeting held on 01.10.2018 based on the response submitted vide letter No.TCB/SD-10/20175595 dated 10.9.2018. However, it was not resolved by the committee as the justification provided by the TCB was not clear.

1.2. DIFFERENCE IN COLLECTION

The TCB had made excess deposit of Nu.0.257 million to RRCO for the financial Year 2015-16 on account of Visa Fee, Royalty and TDS as observed during reconciliation of the revenue collected as per the *Tashel* system with the deposits made to RRCO as per Bank Statement. *AIN: 14759; Para: 3; Accountabilities: Direct: Jamyang Peldon, Accountant, EID No. 200707019; Krishna Devi Bhujel, Accountant, EID No. 200907156; Supervisory: Tashi Tenzin, Head Service Division, EID No. 200401215*

Status: Para was resolved vide follow-up report No.RAA/RTICD(TCB-FOREX)Follow-up Report/2016-2017/2208 dt.03.8.2018 as the TCB had reconciled the differences as confirmed from the bank statement.

¹A discount of 50% on daily rate shall be given to one person in a group of 11 to 15 persons. A 100% discount shall be given to one member in a group exceeding 16 persons. - Section 5(d) Rules and Regulations for tour operation in Bhutan 1999.

1.3. UNRECONCILED DIFFERENCE OF USD1.727 MILLION

The TCB had unreconciled difference of USD1.727 million in revenue from Royalty, Visa Fee, and Surcharges worked out on the basis of visa issued and actual revenue collected. The differences had occurred mainly due to lack of provision to deduct various discounts offered, change in travel dates and lack of periodical reconciliation of actual revenues collected with the system. *AIN: 14759; Para: 1; Accountabilities: Direct: Tashi Tenzin, ICT Officer, EID No. 200901149; Supervisory: Tashi Tenzin, Head, Service Division, EID No. 200401215*

Status: Para remained unresolved. Follow-up report was issued vide letter No.RAA/RTICD(TCB-FOREX)Follow-up Report/2016-2017/2208 dt.03.8.2018 directing the TCB to reconcile the account.

1.4. DIFFERENCE IN REVENUE DEPOSITED BY TCBL AND NATIONAL REVENUE REPORT 2015-16

There was a difference of Nu.230.030 million between the revenue deposited by TCB and that shown in National Revenue Report 2015-16. A total of Nu.1,391.270 million was deposited into Revenue & Customs for the financial year 2015-16 whereas the National Revenue Report 2015-16 showed revenue receipt of Nu.1,621.300 million with the difference of Nu.230.030 million. *AIN: 14759; Para: 4; Accountabilities: Direct: Jamyang Peldon, Accountant, EID No. 200707019; Krishna Devi Bhujel, Accountant, EID No. 200907156; Supervisory: Tashi Tenzin, Head Service Division, EID No. 200401215*

Status: Para remained unresolved. Follow-up report was issued vide letter No.RAA/RTICD(TCB-FOREX)Follow-up Report/2016-2017/2208 dt.03.8.2018 directing the TCB to reconcile difference amount.

1.1.4.7. ROYAL UNIVERSITY OF BHUTAN

Out of the total unresolved irregularities of Nu.0.887 million reported to the Parliament in June 2018, Royal University of Bhutan had resolved irregularities of Nu.0.204 million leaving a balance of Nu.0.683 million as on 30/09/2018 as summarized below:

Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
Mismanagement	0.532	-	0.532	-
Violation of laws and rules	0.105	-	0.105	-
Shortfalls, lapses and deficiencies	0.250	0.204	0.046	81.6
Total	0.887	0.204	0.683	

The detailed status of irregularities reported to the Parliament in June 2018; irregularities resolved thereafter and unresolved as on 30/09/2018 are as discussed below:

1. Mismanagement - Nu.0.532 million

There were cases of mismanagement involving Nu.0.532 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
1.1.	Short-deductions of House Rent from GCBS staff	0.532	-	0.532
	Total	0.532	-	0.532

The cases of mismanagement and rules are as indicated below:

1.1. SHORT-DEDUCTIONS OF HOUSE RENT FROM GCBS STAFF - NU.0.532 MILLION

The Gaeddu College of Business Studies (GCBS), Gedu had short-deduction/non-deduction of house rent amounting to Nu.0.532 million from various college faculty. *AIN: 14793; Para: 5; Accountabilities: Direct: Bal Bahadur Rasaily, Administrative Officer, EID No. RUB1108020; Phurpa Dorji, Estate Manager, CID No. 11604002070; Supervisory: Dr. Sonam Choiden, President, EID No.9511010*

Status: Para remained unresolved.

2. Violation of Laws and Rules - Nu.0.105 million

There was a case of violation of laws and rules involving Nu.0.105 million as indicated below:

2.1. NON-AVAILABILITY OF GFPMO WITH PAYMENT VOUCHERS RESULTANT RECOVERY OF SERVICE CHARGES, ROYALTY AND OTHER COST - NU.0.105 MILLION

GCBS, Gedu had made payment of Nu.0.105 million for firewood by allowing claims of 16m³ per truck as against the actual carrying capacity of 8m³. General Forest Permit Movement Orders (GFPMO) issued by the Forestry Division, which would have authenticated the actual quantity supplied, were not attached with payment vouchers. In its absence, RAA could not validate the actual quantities supplied and the legitimacy of the payments beyond 8m³. *AIN: 14793; Para: 7; Accountabilities: Direct: Ugyen Tenzin, Store Incharge, CID No. 11524000483; Supervisory: Dr. Sonam Choiden, President, EID No. 1707024*

Status: Para remained unresolved.

3. Shortfalls, lapses and deficiencies - Nu.0.046 million

There were cases of shortfalls, lapses and deficiencies involving Nu.0.250 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
3.1	Excess payment in brick wall for the construction of MPH	0.060	0.060	-
3.2	Excess payments to contractors	0.046	-	0.046
3.3	Unsettled Advance	0.144	0.144	-
	Total	0.250	0.204	0.046

The were cases of shortfalls, lapses and deficiencies are as indicated below:

3.1. EXCESS PAYMENT IN BRICK WALL FOR THE CONSTRUCTION OF MULTI-PURPOSE HALL

The College of Natural Resources, Lobeysa had made an excess payment of Nu.0.060 million for the construction of Multipurpose Hall and Site Development Works awarded to M/s Nawang Builders Private Limited, Thimphu. The excess payment was on account of the difference in quantity paid and actual quantity of Brick Works and Cement Plaster executed. The lapse had occurred apparently due to inadequate supervision and monitoring coupled with lack of due diligence in disbursing various claims. *AIN: 14969; Para: 1; Accountabilities: Direct: Yadav Dhungana, Site Engineer, EID No. RUB1502002; Supervisory: Dr. Phub Dorji, President, EID No. 9312018*

Status: Para was resolved based on review of supporting documents submitted vide letter No CNR/ACC-10/2017-2018/401 dated 21/03/2018.

3.2. EXCESS PAYMENTS TO CONTRACTORS - NU.0.046 MILLION

GCBS, Gedu had made excess payments amounting to Nu.0.046 million to two contractors engaged for repair and maintenance works in the college. Excess payments of Nu.0.015 million was made to M/s SNC Construction for repair and maintenance of G-type and H-type hostels and Nu.0.031 million to M/s Phu-Yongla Construction for the construction/repair of RRM footpath around the hostels. The excess payment had occurred apparently due to negligence of the verifying official and failure on the part of the Supervising Officer to exercise necessary checks to ensure the admissibility of contractor's claim. *AIN: 14793; Para: 8 & 9; Accountabilities: Direct: Nar Bahadur Tamang, Site Supervising Officer, CID No. 11806000217; Supervisory: Dr. Sonam Choiden, President, EID No. 1707024*

Status: Para remained unresolved.

3.3. UNSETTLED ADVANCE

The College for Language and Cultural Studies, Taktse had outstanding advances of Nu.0.144 million as on 30/06/2016 against various officials. The lapse had occurred due to non-regulation of advances as per the FRR 2001. *AIN: 14755; Para: 3; Accountabilities: Direct: Tashi Wangmo Accountant, EID No. RUB1506037; Supervisory: Lungtaen Gyatso, President, EID No. 9903073*

Status: Para was resolved as the amount was adjusted as per letter No.CLCS/accounts/2018/118 dated 18.01.2018.

1.1.4.8. AGENCY FOR PROMOTION OF INDIGENOUS CRAFTS

Out of the total unresolved irregularities of Nu.0.339 million reported to the Parliament in June 2018, Agency for Promotion of Indigenous Crafts had resolved all the irregularities as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	0.339	0.339	-	100
	Total	0.339	0.339	-	

The detailed status of irregularities reported to the Parliament in June 2018 which were resolved as on 30/09/2018 are as discussed below:

1. Shortfalls, lapses & deficiencies

There were cases of shortfalls, lapses & deficiencies involving Nu.0.339 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
1.1	No lease agreement for parking fee compensation	-	-	Settled
1.2	Overdue parking fee compensation	0.339	0.339	-
	Total	0.339	0.339	-

The cases of shortfalls, lapses & deficiencies are as indicated below:

1.1. NON-EXECUTION OF LEASE AGREEMENT

The APIC had acquired land on lease in Thimphu town from Thimphu Thromde for establishing the Craft Bazaar, but no Lease agreement was drawn with the Thimphu Thromde stipulating necessary terms and conditions including rental charges to be paid to Thimphu Thromde. Since the area was initially identified as parking space, the APIC had been paying a 'Parking Fee Compensation' at the rate of Nu.20.00 per sq.ft. till June 2014, which was later reduced to Nu.4.00 per sq.ft. upon APIC's request. *AIN: 15019;*

Para: 2.1; Accountabilities: Direct: Cheki Dorji, Cluster Development Officer, CID No. 10710001670; Supervisory: Karma Choden, Manager, CID No. 11704001682

Status: Para was resolved as the APIC had paid the charges with the penalty amounting to Nu.359,594.39 from July 2015 to 31st December as per the letter No. APIC/62/RAA/2017-2018/6223 dt.09.5.2018 according to the decision of Thromde Tshogde's approved lease rate at Nu.4/sq ft vide letter No.TT/DCD/Short term lease/2017-2018/457 dated 24.4.2018.

1.2. OVERDUE PARKING FEE COMPENSATION

The APIC had overdue amount of Nu.0.339 million payable to Thimphu Thromde on account of Parking Fee Compensation for lease of land used for Craft Bazaar. The APIC had not paid compensations for three Financial Years of 2014-15, 2015-16 and 2016-17 to Thimphu Thromde. *AIN: 15019; Para: 2.2; Accountabilities: Direct: Cheki Dorji, Cluster Development Officer, CID No. 10710001670; Supervisory: Karma Choden, Manager, CID No. 11704001682*

Status: Para was resolved as the APIC had paid the charges with the penalty amounting to Nu.359,594.39 from July 2015 to 31st December as per the letter No. APIC/62/RAA/2017-2018/6223 dt.09.5.2018 according to the decision of Thromde Tshogde's approved lease rate at Nu.4/sq ft vide letter No.TT/DCD/Short term lease/2017-2018/457 dated 24.4.2018.

1.1.4.9. SAMDRUP JONGKHAR THROMDE

Out of the total unresolved irregularities of Nu.0.241 million reported to the Parliament in June 2018, Samdrup Jongkhar Thromde had resolved one irregularity without monetary value leaving a balance of Nu.0.241 million as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Mismanagement	0.241	-	0.241	-
2	Violation of laws and rules	-	-	-	100
3	Shortfalls, lapses and deficiencies	-	-	-	-
	Total	0.241	-	0.241	

The detailed status of irregularities reported to the Parliament in June 2018; irregularities resolved thereafter and unresolved as on 30/09/2018 are as discussed below:

1. Mismanagement - Nu. 0.241 million

There was a case of mismanagement as indicated below:

1.1. LEASE RENT AND TAXES DUES - NU.0.241 MILLION

Samdrup Jongkhar Thromde had outstanding lease rent and taxes amounting to Nu.0.241 million. Some dues were outstanding for over two years at the time of audit in December 2016. *AIN: 14641; Para: 11; Accountabilities: Direct: Karma Wangchuk, Accounts Assistant, EID No. 200607324; Supervisory: Tenzin Phuntsho, Accounts Officer, EID No. 20130101125*

Status: *Para remained unresolved.*

2. Violation of Laws & Rules

There was a case of violation of laws & rules as indicated below:

2.1. COLLECTION OF WATER BILL BASED ON THE READING OF THE DEFECTIVE WATER METER

Samdrup Jongkhar Thromde had collected water charges based on readings of defective water meters. The water bills for 28 defective water meters were calculated by taking into account the average of past three months meter readings. The Thromde has not enforced replacement of defective water meters. *AIN: 14641; Para: 8; Accountabilities: Direct: Kali Maya Tamang, Sr. Technician, EID No. 20040869, Yonten Gyeltshen, Technician, EID No. 201107043, Bimal Subba, Technician, CID No. 11801000731; Supervisory: Mani Kumar Rizal, Engineer, EID No. 2107158*

Status: *Para was resolved as per the justification furnished vide letter No.SJT/Accts-07/2016-2017/1814 of 28/06/17.*

3. Shortfalls, lapses & deficiencies

There was a case of shortfalls, lapses & deficiencies involving as indicated below:

3.1. NON-RECTIFICATION OF DEFECTIVE WORKS FOR THE CONSTRUCTION OF NEW ROAD FROM NHDCL COLONY TO HOSPITAL JUNCTION

Samdrup Jongkhar Thromde had not rectified defects on the newly constructed road from NHDCL Housing Colony to Hospital junction, built by M/s KD Samdrup Construction. Most part of the newly blacktopped road was found damaged and riddled with potholes within the defect liability period indicating poor workmanship of the contractor. *AIN: 14641; Para: 7; Accountabilities: Direct: Dechen Norbu, Engineer, EID No. 20140103288; Supervisory: Pema Choki, Head ID, EID No. 9307033*

Status: *Para remained unresolved.*

1.1.4.10. JUDICIARY OF BHUTAN

Out of one unresolved irregularity of Nu.0.221 million reported to the Parliament in June 2018, Judiciary of Bhutan had resolved the same as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	0.221	0.221	-	100
Total		0.221	0.221	-	

The detailed status of irregularity reported to the Parliament in June 2018 which was resolved as on 30/09/2018 is as discussed below:

1. Shortfalls, lapses and deficiencies

1.1. NON-SETTLEMENT OF MOBILIZATION ADVANCE

The Royal Court of Justice, Trashigang had unsettled mobilization advance amounting to Nu.0.221 million as of date of audit. As per records, the construction of Drangpons' Residence was completed on 30/10/2011. However, mobilization advance of Nu.0.221 million was not recovered from the contractor as on 15/10/2017. The non-settlement of advances was in violation to Section 7.5.4.2 of the Finance and Accounting Manual which requires settlement of the advance latest by the time 80% of the works are completed. *AIN: 14934; Para: 1; Accountabilities: Direct: Mani Lhamo, Accountant, EID No. 20130802311; Supervisory: Ugyen Jamtsho, Drangpon, EID No. 9610032*

Status: Para was resolved vide letter No.AA/OAAG-SJ(AR-04)RCJ-Trashigang/2018/1059 dated 4/6/2018 as the amount was reported adjusted.

1.1.4.11. ROYAL EDUCATION COUNCIL

Out of one unresolved irregularity of Nu.0.073 million reported to the Parliament in June 2018, Royal Education Council had not resolved the same as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	0.073	-	0.073	-
Total		0.073	-	0.073	

The detailed status of irregularity reported to the Parliament in June 2018 which remained unresolved as on 30/09/2018 is as discussed below:

1. Shortfalls, lapses and deficiencies - Nu.0.073 million

There was a case of shortfalls, lapses and deficiencies involving Nu.0.073 million as summarised below:

1.1. NON-REFUND OF SECURITY DEPOSIT - NU.0.073 MILLION

The Royal Education Council had not recovered the security deposit of Nu.0.073 million from the house owner upon vacation of office premise in Thimphu since July 2016. *AIN: 14566; Para: 1; Accountabilities: Direct - Nim Tshering, Asst. Accounts Officer, EID No. 20160106469, Wangchuk, Curriculum Officer, EID No. 9407172; Supervisory: Kesang Choden Dorji, Director, EID No. 9003005*

Status: Para remained unresolved.

1.1.5. CORPORATIONS

1.1.5.1. DRUK GREEN POWER CORPORATION

Out of the total unresolved irregularities of Nu.107.303 million reported to the Parliament in June 2018, Druk Green Power Corporation had not resolved any irregularities as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Mismanagement	107.303	-	107.303	-
	Total	107.303	-	107.303	

The detailed status of irregularities reported to the Parliament in June 2018 which remained unresolved as on 30/09/2018 are as discussed below:

1. Mismanagement - Nu.107.303 million

There were cases of mismanagement involving Nu.107.303 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
1.1	Delay in award of Civil and Hydro-Mechanical work with possible LD liability	97.020	-	97.020
1.2	Avoidable cost of Nu.16.031 million and additional financial implication of Nu.10.283 million	10.283	-	10.283
	Total	107.303	-	107.303

The cases of mismanagement are as indicated below:

1.1. DELAY IN AWARD OF CIVIL AND HYDRO-MECHANICAL WORK WITH POSSIBLE LD LIABILITY - NU.97.020 MILLION

The Tangsibji Hydro Energy Limited (THyEL) had delay upto 294 days in awarding the contract works under Main Package (MP1) - Civil and Hydro-Mechanical Works which is likely to delay the project completion. This will inevitably have financial implications particularly the revenue loss and cost escalations. Besides, the company may need to bear liquidated damages of Nu.97.020 million for failure to supply power to PTC India Limited as per the power purchase agreement signed with the company. *AIN: 14967; Para: 2.1; Accountabilities: Direct: Karma Chhophel, Managing Director, CID No. 11512002204; Sujan Rai, Dy. Managing Director, CID No.11103001338; Supervisory: Phuntsho Wangdi, Chairman, CID No. 11505004908; Chhewang Rinzin, Director, CID No. 11512004457; Karma Y Raydi, Director, CID No. 11604000615; Ugyen Namgyal, Director, CID No. 10703000567; Lhaden Lotay, Director, CID No. 10808000307*

Status: Para remained unresolved.

1.2. AVOIDABLE COST OF NU.16.031 MILLION AND ADDITIONAL FINANCIAL IMPLICATION OF NU.10.283 MILLION

THyEL had awarded construction of 2.10 km access road through direct contract to CDCL at a negotiated amount of Nu.34.792 million against the initially offered amount of Nu.56.964 million. Comparison of cost of similar work indicated that the amount quoted by the private contractors were much lower as tabulated below:

Name of the work and contractor	Total KM	Award amount (Nu.)	Cost per KM in million Nu.
Construction of Access road to dam Complex - M/s CDCL	2.1	34.792	16.568
Construction of Access road to Adit-1 - M/s Gayjur Construction	2.27	18.761	8.265
Difference		16.031	8.303

As apparent from the table above, the contract amount agreed for the work award to CDCL was exorbitantly higher representing more than 100% of the amount quoted by the other contractor which is not competitive and economical.

Further, after handing over of the completed road by CDCL, additional works for concreting of the same road involving Nu.10.283 million had begun at the time of audit in June 2017. Such lapses had occurred due to lack of proper planning and coordination of the works. *AIN: 14967; Para: 2.6; Accountabilities: Direct: Chhewang Rinzin, Managing Director, DGPC, CID No. 11512004457; Supervisory: Yeshi Wangdi, Chairman, CID No. 10710000560; Tshewang Rinzin, Director, CID No. 11410005342; Sonam Wangdi, Director, CID No. 10607000762; Ugyen Namgyal, Director, CID No. 10703000567; Kinzang*

Tobgay, Director, CID No. 10806000890, Dorji Pavo Phuntshok, Director, CID No. 11512002204

Status: Para remained unresolved.

1.1.5.2. PENDEN CEMENT AUTHORITY LIMITED

Out of the total unresolved irregularities of Nu.12.960 million reported to the Parliament in June 2018, Penden Cement Authority Limited had resolved irregularities of Nu.5.880 million leaving a balance of Nu.7.080 million as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Fraud, Corruption & Embezzlement	6.623	-	6.623	-
2	Mismanagement	1.585	1.128	0.457	71.17
3	Violation of laws and rules	2.084	2.084	-	100
4	Shortfalls, lapses and deficiencies	2.668	2.668	-	100
Total		12.960	5.880	7.080	

The detailed status of irregularities reported to the Parliament in June 2018; irregularities resolved thereafter and unresolved as on 30/09/2018 are as discussed below:

1. Fraud, corruption and embezzlement - Nu.6.623 million

There was a case of fraud, corruption and embezzlement involving Nu.6.623 million as indicated below:

1.1. PURCHASES AT UNECONOMICAL/EXCESSIVE RATES WITH RESULTANT LOSS - NU.6.623 MILLION

The Penden Cement Authority Limited (PCAL) had made procurements of raw materials and office supplies at uneconomical/excessive rates with financial implication of Nu.6.623 million due to the systemic flaws in procurement aggravated by laxity of the Purchase Committee and Purchase Department in discharging their responsibilities judiciously and diligently. The rates of items procured during the period in audit were exorbitantly higher than the rates paid during the past years and the current prevailing market rates. The recklessness and financial imprudence on the part of the Purchase Committee, Purchase Department and the user departments had resulted in infructuous expenditure to the tune of Nu.2.108 million. The ad-hoc review committee constituted by the Management had also raised similar observation with the total financial implication of Nu.4.514 million. The prevalence of such practices seemed to have

manifested primarily due to absence of a robust and comprehensive procurement manual and non-existence of a vibrant Purchase Committee to monitor the procurement activities of the company. There were indications of bid rigging and other collusive practices in the procurement of the materials. *AIN: 14811; Para: 4; Accountabilities: Direct: Karma Chogyel, Purchase Officer, EID No. 9915541; Chador Tshering, Purchase Assistant, EID No. 9928280; Neelam Lama, Purchase Assistant, EID No. 9928281; Supervisory: Pema Wangchen, Sr. GM (Sales), EID No. 9928283; K.B. Chhetri, Dy, GM (Process Division), EID No. 0161; H.B. Tamang, Head, Civil Division, EID No. 00080; Sherab Tenzin, GM (Plant), EID No. 0067; H.B. Pradhan, Finance Manager, EID No. 01861*

Status: Para remained unresolved.

2. Mismanagement - Nu.0.457 million

There were cases of mismanagement involving Nu.0.457 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
2.1	Purchase of materials, spare parts and stationery at higher rate resulted in excess payment	1.128	1.128	Lapses action needed to be taken
2.2	Abnormal variation in price of spare parts and other items	0.457	-	0.457
	Total	1.585	1.128	0.457

The cases of mismanagement are as indicated below:

2.1. PURCHASE OF MATERIALS, SPARE PARTS AND STATIONERY AT HIGHER RATE RESULTED IN EXCESS PAYMENT

The PCAL had procured materials, spare parts and stationery at two or more different rates resulting in excess payment aggregating to Nu.1.128 million. The consumable stores were procured from various suppliers based on urgent purchase proposals at higher rates than earlier rates resulting in excess payments. The lapse had occurred due to weak internal control and poor monitoring system in procurement. *AIN: 14811; Para: 16; Accountabilities: Direct: Karma Chogyel, Purchase Officer, EID No. 9915541; Chador Tshering, Purchase Assistant, EID No. 9928280; Neelam Lama, Purchase Assistant, EID No. 9928281; Supervisory: Pema Wangchen, Sr. GM (Sales), EID No. 9928283; K.B. Chhetri, Dy, GM (Process Division), EID No. 0161; H.B. Tamang, Head, Civil Division, EID No. 00080; Sherab Tenzin, GM (Plant), EID No.0067; H.B. Pradhan, Finance Manager, EID No. 01861*

Status:Partially resolved. The amount of Nu.1.128 million was adjusted vide letter No.PCAL/IAU/RAA-2016/2017/004400 dated 27/12/2017. However, the appropriate administrative action was not taken.

2.2. ABNORMAL VARIATION IN PRICE OF SPARE PARTS AND OTHER ITEMS - NU.0.457 MILLION

There was abnormal variation in price of spare parts and other items resulting in excess payment amounting to Nu.0.457 million. Some items that were procured earlier at lesser rates were procured later at exorbitantly higher rates from the same vendor in the same year. The lapse had occurred due to weak internal control and poor monitoring system in procurement. *AIN: 14811; Para: 13; Accountabilities: Direct: Kaylzang Tshering, CEO, EID No. 9928288; Supervisory: Kaylzang Tshering, CEO, EID No. 9928288*

Status: Para remained unresolved.

3. Violations of laws and rules

There were cases of violations of laws and rules as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
3.1	Irregularities in tendering resulted in excessive purchase and blockage of fund	1.224	1.224	-
3.2	Non-levy liquidated damages for delay in delivery of raw materials and consumables	0.859	0.859	-
3.3	Acceptance of bids even after the submission deadline	-	-	Settled
3.4	Acceptance of open and unsealed envelope quotations and other irregularities	-	-	Settled
3.5	Non-fulfillment of material supply obligations	-	-	Settled
3.6	Irregularities in procurement and management of inventories	-	-	settled
Total		2.083	2.083	

The cases of violations of laws and rules are as indicated below:

3.1. IRREGULARITIES IN TENDERING RESULTED IN EXCESSIVE PURCHASE AND BLOCKAGE OF FUND

The PCAL had irregularities in tendering of Shell Lining Plate for CLM N02 resulting in excess procurement and blockage of fund amounting to Nu.1.224 million. The bid invited through limited enquiry from five vendors of which only M/s Aqua Alloys Pvt. Limited had submitted their bid, that too after the submission deadline. Moreover, the bid did not bear legal seal, signature of the vendor concerned and receipt stamp of PCAL which rendered the legality and genuineness of the bid questionable. Comparison of rates with the earlier purchases made from M/s Assam Alloys Limited indicated that the rates charged by M/s Aqua Alloys Pvt. Ltd. were 39.35% higher. Further, procurement of the item (200 nos.) was said to have been made on urgent basis in June 2016 whereas the consumption as of 15/03/2017 was only one number which indicated that the

procurement was made to favour the vendor. The purchase in huge quantity without assessment of actual requirement was deemed imprudent resulting in blockage of fund amounting to Nu.1.224 million. *AIN: 14811; Para: 11; Accountabilities: Direct: Jaghat Tiwari, Mechanical Engineer, EID No. 9928287; Supervisory: K.B. Chhetri, Dy. GM, EID No.9928284*

Status:*Para was resolved based on issue of reprimand order to the concerned accountable officials vide letter No.PCAL/CEO/10/2018 dated.06.03.2018.*

3.2. NON-LEVY OF LIQUIDATED DAMAGES FOR DELAY IN DELIVERY OF RAW MATERIALS AND CONSUMABLES

The PCAL had instances of non-levy of liquidated damages aggregating to Nu.0.859 million for delays in delivery of raw materials and consumables by various suppliers/vendors as summarized below:

- a) PCAL had not levied liquidated damages amounting to Nu.0.783 for the delay in delivery of materials by various vendors/suppliers. The lapses had occurred apparently due to non-enforcement of penalty clause for the delay. *AIN: 14811; Para: 14 & 15; Accountabilities: Direct: Kumar Burdewa, Account Assistant, EID No. 9915539, Supervisory: Ganga Maya Chhetri, UDC-I, EID No. 9923955*

Status:*Para was resolved vide letter No.RAA/OAAG-Pling/FUS/PCAL-C39/2018/429 dated.08/06/2018 and No. RAA/OAAG-Pling/FUS/PCAL-C39/2018/558 dated 27.6.2018 respectively as the management has produced the delivery time extension approved by purchase Committee.*

- b) PCAL had not levied liquidated damages of Nu.0.042 million for the delay in delivery of materials delivered after the lapse of 230 days from the date of purchase order. The lapse had occurred apparently due to negligence of the management to monitor the timeframe for the delivery of goods and not initiating any follow-up with the supplier/vendor. *AIN: 14811; Para: 10; Accountabilities: Direct: Krishna Bdr. Khanal, Accounts Assistant, EID No. 9923954; Supervisory: H.B. Pradhan, Finance Manager, EID No. 9928286*

Status:*Para was resolved vide letter No.RAA/OAAG-Pling/FUS/PCAL-C39/2018/429 date 8/6/2018.*

- c) There was delay in supply of Shell Lining Plate by 41 days for which liquidated damages of Nu.0.035 million was not imposed. The lapse had occurred due to non-enforcement of stipulated terms and conditions of the procurement and payment to vendor in full before receiving the materials. *AIN: 14811; Para: 11.1; Accountabilities: Direct: Krishna Bdr. Khanal, Accounts Assistant, EID No. 9923954; Supervisory: H.B. Pradhan, Finance Manager, EID No. 9928286*

Status:*Para was resolved based on the justification submitted vide letter No.PCAL/RAA-memo/2018/001722 dated.25/05/2018.*

3.3. ACCEPTANCE OF BIDS EVEN AFTER THE SUBMISSION DEADLINE

The PCAL on three occasions had accepted bids after the deadlines in contrary to the PRR 2009, Section 5.3.5.11 which stipulates that '*any bid received after the deadline or in incorrect form shall be rejected*'. Such instances indicated collusive and manipulative practices in procurement. *AIN: 14811; Para: 1; Accountabilities: Direct: Chador Tshering, Purchase Assistant, EID No. 9928280; Neelam Lama, Purchase Assistant, EID No. 9928281; Supervisory: Karma Chogyel, Purchase Officer, EID No. 9915541*

Status: Para was resolved vide letter No.RAA/OAAG-Pling/FUS/PCAL-C39/2018/429 date 8/6/2018 as the recommendation was endorsed by the Board.

3.4. ACCEPTANCE OF OPEN AND UNSEALED ENVELOPE QUOTATIONS AND OTHER IRREGULARITIES

Contrary to the stipulations on confidentiality of bids under Sections 5.1.7 and 5.3.3 of the PRR 2009², PCAL had accepted bids in opened form without the requisite sealed envelope. There was no practice of maintaining minutes of the tender openings. In its absence, the fairness of the tender openings, the genuineness of the members stated to be involved in tender opening, and the exact dates of tender openings could not be ascertained. Also, the assertion as to whether the tender evaluations were actually being carried out or not could not be established. Further, there were instances where the Purchase Department had accepted quotations without bearing the receipt stamp of the company. The procurement process thus lacked fairness, transparency and integrity thereby defeating the very purpose of floating tender. *AIN: 14811; Para: 3; Accountabilities: Direct: Chador Tshering, Purchase Assistant, EID No. 9928280; Neelam Lama, Purchase Assistant, EID No. 9928281; Supervisory: Karma Chogyel, Purchase Officer, EID No. 9915541*

Status: Para was resolved vide letter No.RAA/OAAG-Pling/FUS/PCAL-C39/2018/429 date 8/6/2018 as the recommendation was endorsed by the Board.

3.5. NON-FULFILLMENT OF MATERIAL SUPPLY OBLIGATIONS

Suppliers of PCAL had not fulfilled the contract obligations related to supply of materials to the company. Purchase orders with significant monetary values of Nu.58.581 million, Nu.87.001 million, Nu.45.308 million, Nu.81.461 million and Nu.28.497 million had remained undelivered from 2012 to 2016 respectively, despite most orders been placed on urgent basis. Moreover, the relevant divisions and the Purchase Department had not initiated any follow-up action on the pending orders. Such business operations indicated existence of laxity and ineffective procurement practices which was compounded by non-incorporation of performance security clause in the contract agreement leaving scope to vendors to violate the contractual

²The bids shall be delivered by hand or by registered post in sealed envelopes to the appropriate addressee and shall be marked "Confidential". - PRR 2009, Section 5.1.7.2.a; and Bid documents shall be treated with confidentiality at all times and kept under secured conditions until the opening of the bids by the Bid Opening Committee; After the bid opening, the opened bid documents or the contents of the documents shall not be released to any unauthorized person/party; and Bid evaluation proceedings after the opening of bids shall be kept confidential until the award of contract is announced. - PRR 2009, Section 5.3.3.1 to 5.3.3.3.

obligations. *AIN: 14811; Para: 5; Accountabilities: Direct: Karma Chogyel, Purchase Officer, EID No. 9915541; Chador Tshering, Purchase Assistant, EID No. 9928280; Neelam Lama, Purchase Assistant, EID No. 9928281; Supervisory: Pema Wangchen, Sr. GM (Sales), EID No. 9928283; K.B. Chhetri, Dy, GM (Process Division) EID No. 0161; H.B. Tamang, Head, Civil Division, EID No. 00080; Sherab Tenzin, GM (Plant), EID No. 0067; H.B. Pradhan, Finance Manager, EID No. 01861*

Status: Para was resolved vide letter No.RAA/OAAG-Pling/FUS/PCAL-C39/2018/429 dated 8/6/2018.

3.6. IRREGULARITIES IN PROCUREMENT AND MANAGEMENT OF INVENTORIES

PCAL had irregularities related to procurement and management of inventories of spare parts and other consumable items as summarized below:

- a. PCAL had non-moving and slow moving items in stores. Spare parts and store items worth Nu.82.848 million had remained idle in store for the entire year. There were slow moving spare parts and store items worth Nu.34.137 million with the movement of as low as 1%;
- b. PCAL had not issued consumable stores worth Nu.37.186 million procured during the past seven years. Some stocks procured during the period 01/01/2010 to 24/01/2017 were not issued till the date of Audit (20/03/2017). The procurement of materials in excess of actual requirement reflects the mismanagement of stores and lack of financial prudence; and
- c. Spare parts and other consumable stores worth Nu.4.248 million were procured during the year despite having adequate stock balance worth Nu.4.522 million. No issue of stock was made during the year and the entire stock balance of Nu.8.769 million remained idle with resultant blockage of fund to that extent.

AIN: 14811; Para: 17.1, 17.3 & 17.2; Accountabilities: Direct: Karma Chogyel, Purchase Officer, EID No. 9915541; Chador Tshering, Purchase Assistant, EID No. 9928280; Neelam Lama, Purchase Assistant, EID No. 9928281; Supervisory: Pema Wangchen, Sr. GM (Sales), EID No. 9928283; K.B. Chhetri, Dy, GM (Process Division), EID No. 0161; H.B. Tamang, Head, Civil Division, EID No. 00080; Sherab Tenzin, GM (Plant), EID No. 0067; H.B. Pradhan, Finance Manager, EID No. 01861

Status: Para was resolved as the management had carried out inventory exercise as intimated vide letter No.PCAL/IAU/Followup-RAA/2018/002029 dated.17/06/2018.

4. Shortfalls, lapses and deficiencies

There was case of shortfalls, lapses and deficiencies involving Nu.2.668 million as indicated below:

4.1 OVERDUE SUPPLIERS ADVANCE

The PCAL had overdue advances of Nu.2.668 million paid to four suppliers. The advances were paid during 2014 to 2016 and lead-time for supply of materials were between two to seven months. The advances had been lying unsettled for considerably long duration thereby resulting in blockage of funds. *AIN: 14811; Para: 7; Accountabilities: Direct: Krishna Bdr. Khanal, EID No. 9923954, Supervisory: Kumar Burdawa, EID No. 9915539*

Status: Para was resolved vide letter No.RAA/OAAG-Pling/FUS/PCAL-C39/2018/429 dated 8/6/2018.

1.1.5.3. BHUTAN POWER CORPORATION LIMITED

Out of the total unresolved irregularities of Nu.7.872 million reported to the Parliament in June 2018, Bhutan Power Corporation Limited had resolved irregularities of Nu.3.747 million leaving a balance of Nu.4.125 million as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Violation of laws and rules	1.800	1.800	-	100
2	Shortfalls, lapses and deficiencies	6.072	1.947	4.125	32.07
Total		7.872	3.747	4.125	

The detailed status of irregularities reported to the Parliament in June 2018; irregularities resolved thereafter and unresolved as on 30/09/2018 are as discussed below:

1. Violation of Laws & Rules

There were cases of violation of laws & rules involving Nu.1.800 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
1	Non-completion of works and liable liquidated damages	1.800	1.800	-
Total		1.800	1.800	-

The cases of violation of laws & rules are as indicated below:

1.1. NON-COMPLETION OF WORKS AND LIABLE LIQUIDATED DAMAGES

The Electricity Services Division (ESD), Punakha had not levied liquidated damages amounting to Nu.1.800 million for the delay in completion of the construction of Office and Residential building at Gasa. The contract was awarded to M/s Thuenlam Construction at a contract price of Nu.17.997 million with a contract duration of 20 months. The work was not completed despite time overrun of five months at the time of audit in November 2016. *AIN: 14277; Para: 1; Accountabilities: Direct: Krishna Humagai, S E (Civil), CID No. 11208000562; Supervisory: Samtey Penjor, Chief Technical Officer, CID No. 10811000427*

Status: Para was resolved based on review of supporting documents submitted vide letter No BPC/ESD/Acc-05/2018/148, dated 16/03/2018.

2. Shortfalls, lapses & deficiencies – Nu.4.125 million

There were cases of shortfalls, lapses & deficiencies involving Nu.4.125 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
2.1	Non-fulfillment of contractual obligations for civil works construction resulted into time overrun and levy of Liquidated Damages	2.279	-	2.279
2.2	Outstanding Balance of Advances	3.793	1.947	1.846
	Total	6.072	1.947	4.125

The cases of shortfalls, lapses & deficiencies are as indicated below:

2.1. NON-FULFILLMENT OF CONTRACTUAL OBLIGATIONS FOR CIVIL WORKS CONSTRUCTION RESULTED INTO TIME OVERRUN AND LEVY OF LIQUIDATED DAMAGES - NU.2.279 MILLION

The BPCL Regional Corporate Office, Gelephu had three civil works with extensive time overrun due to non-fulfillment of contractual obligations. The contractors were liable for liquidated damages of Nu.2.279 million for the delay as under:

Sl. No	Name of work	Name of Contractor	Contract Amount (Nu. in million)	LD 10% of the initial contract price (Nu. in million)
1	Construction of G+1 Staff quarters at ESSD, Sarpang	M/S Drugyel Yeshey Construction, Tsirang	13.518	1.352
2	Construction of ESD Office building (G+2) at Gelephu	M/s JND Construction, Trongsa	8.199	0.820
3	Construction of Boundary fencing with GI Chainlink mesh and toilet for 33/11 KV control building at	M/s TD Construction, Thimphu	1.073	0.107

	Sarpang			
Total				2.279

AIN: 14675; Para: 1; Accountabilities: Direct: Sangay Tenzin, Divisional Manager, CID No. 11603004170; Supervisory: Khandu Dorjee, Regional Director, CID No. 10203001117

Status: Para remained unresolved.

2.2. OUTSTANDING BALANCE OF ADVANCES - NU.1.846 MILLION

The BPCL Regional Corporate Office, Gelephu had advances of Nu.3.973 million still lying unadjusted. The advances pertained to M/S Drugyel Yeshy Construction, Tsirang (Nu.2.841 million), M/s JND Construction, Trongsa (Nu.0.688 million) and M/s TD Construction, Thimphu (Nu.0.264 million) executing the civil works at Sarpang. Due to slow progress of the work, the initial advances paid to the contractors were not recovered within the contract period. *AIN: 14675; Para: 2; Accountabilities: Direct: Sangay Tenzin, Divisional Manager, CID No. 11603004170; Supervisory: Khandu Dorjee, Regional Director, CID No. 10203001117*

Status: Partially resolved. An amount of Nu.1.947 million was settled vide Follow-up Report No.RAA/OAAG(T)/FUS-02/2017-2018/213 dated 05/09/2017 leaving a balance of Nu.1. 846 million.

1.1.5.4. ARMY WELFARE PROJECT LIMITED

Out of the total unresolved irregularities of Nu.7.750 million reported to the Parliament in June 2018, Army Welfare Project Limited had not resolved any irregularities as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Violation of laws and rules	7.214	-	7.214	-
2	Shortfalls, lapses and deficiencies	0.536	-	0.536	-
Total		7.750	-	7.750	

The detailed status of irregularities reported to the Parliament in June 2018 which remained unresolved as on 30/09/2018 are as discussed below:

1. Violations of laws and rules - Nu.7.214 million

There were cases of violations of laws and rules involving Nu.7.214 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
1.1	Direct Award of work beyond threshold amount	7.079	-	7.079
1.2	Non-levy of liquidated damages for delay in supplies	0.135	-	0.135
	Total	7.214	-	7.214

The cases of violations of laws and rules are as indicated below:

1.1. DIRECT AWARD OF WORK BEYOND THRESHOLD AMOUNT - NU.7.079 MILLION

The AWPL had awarded the construction of 1st Phase - 3 Block Whisky Maturation Warehouse at Phobjikha at a contract amount of Nu.7.079 million to M/s New Age Construction Company Pvt. Ltd. without inviting open tender. Direct award of work has defeated the purpose of achieving economy in the procurement and promoting healthy competition amongst contractors. Further, the documents of the works like Measurement Book and Material at Site Register were not produced for audit purposes due to which the quantities of works carried at site could not be verified during the audit. *AIN: 14671; Para: 1; Accountabilities: Direct: Sangay Phuntsho, CID No. 1070900818; Supervisory: Rinzin Yoezar, CID No. 10102001209*

Status: Para remained unresolved.

1.2. NON-LEVY OF LIQUIDATED DAMAGES FOR DELAY IN SUPPLIES - NU.0.135 MILLION

The AWPL had not levied liquidated damages aggregating to Nu.0.135 million to M/s Gopal Enterprise, Jaigaon for the delay in delivery of construction materials by 11 to 85 days. The lapse was in deviation to the Conditions of Contract which stipulated that "in case of late delivery, a penalty of 0.1% per day of the value shall be deducted from the bill/per consignment". *AIN: 14671; Para: 3; Accountabilities: Direct: Ugyen Lhamo, CID No. 10101003958; Supervisory: Tshering Penjor, CID No. 11512002770*

Status: Para remained unresolved.

2. Shortfalls, lapses and deficiencies - Nu.0.536 million

There were cases of shortfalls, lapses and deficiencies involving Nu.0.536 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
2.1	Short-deduction of TDS	0.048	-	0.048
2.2	Stock balance of '1907 Whisky' packaging materials even after	0.488	-	0.488

	discontinuation of production			
	Total	0.536	-	0.536

The cases of shortfalls, lapses and deficiencies are as indicated below:

2.1. SHORT-DEDUCTION OF TDS - NU.0.048 MILLION

Against the required TDS deduction of Nu.0.080 million, the AWPL had made TDS deduction of Nu.0.032 million only from the hiring charges of Nu.1.597 million, thereby resulting in short-deduction of TDS amounting to Nu.048 million. The lapse had occurred due to deduction of the TDS at an erroneous rate of 2% instead of 5% as per the TDS Guidelines³. *AIN: 14671; Para: 4; Accountabilities: Direct: Tshering Penjor, CID No. 11512002770; Supervisory: Sangay Phuntsho, CID No. 1070900818*

Status: Para remained unresolved.

2.2. STOCK BALANCE OF '1907 WHISKY' PACKAGING MATERIALS EVEN AFTER DISCONTINUATION OF PRODUCTION - NU.0.488 MILLION

The scrutiny of AWPL's closing stock of packaging materials as on 31.12.2015 revealed stock balance of empty bottles, mono carton and cap seals pertaining to '1907 Whisky' which is currently not in production. The financial implication of the balance stock of packaging materials of '1907 Whisky' amounted to Nu.0.488 million. *AIN: 14671; Para: 5; Accountabilities: Direct: Tshering Penjor, CID No. 11512002770; Supervisory: Sangay Phuntsho, CID No. 1070900818*

Status: Para remained unresolved.

1.1.5.5. CONSTRUCTION DEVELOPMENT CORPORATION LIMITED

Out of the total unresolved irregularities of Nu.7.459 million reported to the Parliament in June 2018, Construction Development Corporation Limited had not resolved any irregularities as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	7.459	-	7.459	-
	Total	7.459	-	7.459	

The detailed status of irregularities reported to the Parliament in June 2018 which remained unresolved as on 30/09/2018 are as discussed below:

1. Shortfall, lapses and deficiencies – Nu.0.7.459 million

There were cases of shortfalls, lapses and deficiencies involving Nu.7.459 million as indicated below:

1.1. EXCESS RECEIPTS IN CONSTRUCTION OF BRIDGES - NU.7.459 MILLION

The Construction Development Corporation Limited (CDCL) had received excess amount aggregating to Nu.7.459 million in construction of bridges in Hejo and Dechencholing as summarized hereunder:

- a) The CDCL had received a total amount of Nu.49.216 million including Nu.7.153 million for additional work against the admissible amount of Nu.45.392 million with resultant excess receipt of Nu.3.824 million from Thimphu Thromde for the construction of Hejo Bridge. The excess receipt had occurred apparently due to submission of incorrect claim by CDCL and improper verification of the running bills by Thimphu Thromde. *AIN: 14891; Para: 4; Accountabilities: Direct: Tandin Dorji, General Manager (CD), CID No. 10503000277; Supervisory: Reezang Wangdi, Director (DES), CID No. 11504000315*

Status: Para remained unresolved. Follow-up Report was issued vide Letter No.RAA/FUCD/CDCL/2018/2592 dated 6.9.2018.

- b) The CDCL had received a total amount of Nu.39.433 million including Nu.6.972 million for additional work against the admissible amount of Nu.36.482 million with resultant excess receipt of Nu.2.951 million from Thimphu Thromde for the construction of Dechencholing Bridge. The excess receipt had occurred apparently due to submission of incorrect claim by CDCL and improper verification of the running bills by Thimphu Thromde. *AIN: 14891; Para: 3.1; Accountabilities: Direct: Tandin Dorji, General Manager (CD), CID No. 10503000277; Supervisory: Reezang Wangdi, Director (DES), CID No. 11504000315*

Status: Para remained unresolved. Follow-up Report was issued vide Letter No.RAA/FUCD/CDCL/2018/2592 dated 6.9.2018

- c) The CDCL had received excess amount of Nu.0.402 million from Thimphu Thromde for construction of RRM wall within 10m radius of Dechencholing Bridge. In addition to the initial payment received under the lumpsum contract for the RRM wall, CDCL had received another payment for the same work by claiming it as an additional work. Since the cost of RRM wall was already included in the bridge lump sum amount, its inclusion as separate additional work had resulted in double claim. *AIN: 14891; Para: 3.2; Accountabilities: Direct: Tandin Dorji, General Manager (CD), CID No. 10503000277; Supervisory: Reezang Wangdi, Director (DES), CID No. 11504000315*

Status: Para remained unresolved. Follow-up Report was issued vide Letter No.RAA/FUCD/CDCL/2018/2592 dated 6.9.2018.

- d) The CDCL had received excess amount of Nu.0.282 million from Thimphu Thromde for road marking, signpost and painting work. The initial quantity of

the work measuring 2950 m² was later reduced to 965.87 m² during its actual execution. However, CDCL had received entire initial contract amount of Nu.0.450 million instead of the proportionately reduced amount of Nu.0.168 million, thus resulting in the excess receipt. *AIN: 14891; Para: 3.3; Accountabilities: Direct: Tandin Dorji, General Manager (CD), CID No. 10503000277; Supervisory: Reezang Wangdi, Director (DES), CID No. 11504000315*

Status: Para remained unresolved. Follow-up Report was issued vide Letter No.RAA/FUCD/CDCL/2018/2592 dated 6.9.2018.

1.1.5.6. DUNGSAM CEMENT CORPORATION LIMITED

Out of the total unresolved irregularities of Nu.3.428 million reported to the Parliament in June 2018, Dungsam Cement Corporation Limited had resolved irregularities of Nu.2.922 million leaving a balance of Nu.0.506 million as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Violation of laws and rules	2.922	2.922	-	100
2	Shortfalls, lapses and deficiencies	0.506	-	0.506	-
Total		3.428	2.922	0.506	

The detailed status of irregularities reported to the Parliament in June 2018; irregularities resolved and unresolved as on 30/09/2018 are as discussed below:

1. Violations of laws and rules

There were cases of violations of laws and rules involving Nu.2.922 million as summarized below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
1.1	Non-levy of penalty for the supply of coal	2.336	2.336	-
1.2	Inconsistency in levy of penalty for the supply of iron ore	0.541	0.541	-
1.3	Non-inclusion of penalty clause for inherent moisture content beyond permissible limit for the supply of coal and lapses thereof	0.045	0.045	-
Total		2.922	2.922	-

The cases of violations of laws and rules are as indicated below:

1.1. NON-LEVY OF PENALTY FOR THE SUPPLY OF COAL

The Dungsum Cement Corporation Limited (DCCL) had not deducted penalty of Nu.2.336 million for excess ash contents in the coal supplied M/s SD Eastern Bhutan Coal Company. The coal supplied had exceeded the admissible ash content of 20% in June 2016 by 0.94% and in August 2016 by 0.66% for which penalty of 3% was not levied as per contract agreement. The lapse had occurred apparently due to improper study of the penalty clause and its applicability during the bill payment. *AIN: 14736; Para: 1; Accountabilities: Direct: Dorji Zangmo, Head Finance, EID No. 9917576; Tshetup Wangdi, Head Mines, EID No. 9928381; Sherab Gyeltshen, Head Production, EID No.; 9928382, Tshering Dorji, Head Marketing, EID No. 9926306; Tshen Norbu, GMC, EID No. 9928392, Samdrup, GMP, EID No. 9905528; Tshering Wangmo, Head PMMD, EID No. 9920344; Tashi Penjor, Head HRAD, EID No. 9920350; Jigme Wangchuk, Head Mechanical, EID No. 9920348; Weseyel Lhundup, Head S&MD, EID No. 9907166; Yeshe Tenzin, Head Mechanical, CID No. 9926305; Supervisory: Karma Gayleg, Dy.CEO, EID No. 9920642*

Status:*Para was resolved vide review report No.RAA/OAAG-SJ/AR-146/DCCL-Nganglam/2018/806 dated 12/03/2018 since DCCL management has amended the contract clause appropriately.*

1.2. INCONSISTENCY IN LEVY OF PENALTY FOR THE SUPPLY OF IRON ORE

The DCCL had not applied Clause B(2)⁴ of the commercial terms and condition consistently in levy of penalty for excess moisture content in supply of iron ore. In March 2016, payment to M/s Bhutan Hardware Agency was made after deducting penalty of Nu.0.037 million. However, for months of April, May and June 2016, payments were made to the supplier without deducting penalty of Nu.0.578 million. The net penalty recoverable from the supplier after deducting recovered penalty stood at Nu.0.541 million. *AIN: 14736; Para: 2; Accountabilities: Direct: Dorji Zangmo, Head Finance, EID No. 9917576; Tshetup Wangdi, Head Mines, EID No. 9928381; Sherab Gyeltshen, Head Production, EID No. 9928382; Tshering Dorji, Head Marketing, EID No. 9926306; Tshen Norbu, GMC, EID No. 9928392; Samdrup, GMP, EID No. 9905528; Tshering Wangmo, Head PMMD, EID No. 9920344; Tashi Penjor, Head HRAD, EID No. 9920350; Jigme Wangchuk, Head Mechanical, EID No. 9920348; Weseyel Lhundup, Head S&MD, EID No. 9907166; Supervisory: Karma Gayleg, Dy.CEO, EID No. 9920642*

Status:*Para was resolved vide review report No.RAA/OAAG-SJ/AR0146/DCCL-Nganglam/2018/806 dated 12/03/2018.*

⁴If the weighted average moisture exceeds 5%, penalty shall be imposed at 3% on the landed price on the quantity supplied during the month for every 1% increase". - Commercial Terms and Conditions - Penalty and deduction, Clause B(2).

1.3. NON-INCLUSION OF PENALTY CLAUSE FOR INHERENT MOISTURE CONTENT BEYOND PERMISSIBLE LIMIT FOR THE SUPPLY OF COAL AND LAPSES THEREOF

The DCCL had not included penalty clause in the contract agreement with the State Mining Corporation Limited(SMCL), Samtse for the supply of coal with inherent moisture content beyond permissible limit. On two occasions, DCCL had accepted coal from SMCL with inherent moisture content exceeding the permissible limit of 2.25%. Penalty of Nu.0.045 million liable was not levied as the penalty clause was not included in the contract agreement. *AIN: 14736; Para: 3; Accountabilities: Direct: Dorji Zangmo, Head Finance, EID No. 9917576; Tshetup Wangdi, Head Mines, EID No. 9928381; Sherab Gyeltshen, Head Production, EID No. 9928382; Tshering Dorji, Head Marketing, EID No. 9926306; Tshen Norbu, GMC, EID No. 9928392; Samdrup, GMP, EID No. 9905528; Tshering Wangmo, Head PMMD, EID No. 9920344; Tashi Penjor, Head HRAD, EID No. 9920350; Jigme Wangchuk, Head Mechanical, EID No. 9920348; Weseyel Lhundup, Head S&MD, EID No. 9907166; Supervisory: Karma Gayleg, Dy.CEO, EID No. 9920642*

Status: Para was resolved based on the review report No.RAA/OAAG-SJ/AR-146/DCCL-Nganglam/2018/806 dated 12/03/2018 as the management had ammended the contract clause appropriately.

2. Shortfalls, lapses and deficiencies – Nu.0.506 million

There was a case of shortfalls, lapses and deficiencies as indicated below:

2.1. SHORTAGE OF CEMENT DURING HANDING-TAKING - NU.0.506 MILLION

The DCCL had shortage of Portland Pozzolana Cement worth Nu.0.506 million during handing-taking between the two handling agents at Gelephu Depot. Quantity of cement as per books was 99.35 metric ton (MT) whereas only 45.10 MT was physically available, with resultant shortage of 84.25 MT. *AIN: 14736; Para: 8; Accountabilities: Direct: Weseyel Lhundup, Head S&MD, EID No. 9907166; Supervisory: Alok Singh, VP EID No. 9922309*

Status: Para remained unresolved.

1.1.5.7. KUENSEL CORPORATION LIMITED

Out of the total unresolved irregularities of Nu.1.214 million reported to the Parliament in June 2018, Kuensel Corporation Limited had resolved irregularities of Nu.1.084 million leaving a balance of Nu.0.130 million as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Violation of laws and rules	-	-	-	100
2	Shortfalls, lapses and deficiencies	1.214	1.084	0.130	89.29
	Total	1.214	1.084	0.130	

The detailed status of irregularities reported to the Parliament in June 2018; irregularities resolved thereafter and unresolved as on 30/09/2018 are as discussed below:

1. Violations of laws and rules

There was a case of violation of laws and rules involving as indicated below:

1.1. PROCUREMENT WITHOUT TENDER/QUOTATION

There were instances where Kuensel Corporation Limited (KCL) had made procurements without inviting competitive bidding. KCL had procured 14 apple laptops (three Mac books Pro 13.5" and 11 Mac books Pro 13.5") in 2015 and 2016 respectively from M/s McSys Computer Services amounting to Nu.0.999 million directly based on past years bid evaluation. Similarly, Samsung Camera SCO-5083 was procured directly from M/s Ugyen Trading House. Such direct procurements were not in line with the Procurement Manual 2015. *AIN: 14997; Para: 1; Accountabilities: Direct: Phuntsho Norbu, In-charge Procurement, CID No. 11106003028; Supervisory: Thinley Namgyel, GM, HRM & Operations, CID No. 11513002225*

Status: Para was resolved vide letter No.K/MD-16/2014/005 dated 19.2.2018 as the management has complied with the procurement rules and regulations.

2. Shortfalls, lapses and deficiencies - Nu.0.130 million

There were cases of shortfalls, lapses and deficiencies involving Nu.1.214 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
2.1	Unreconciled difference in revenue from advertisements	0.130	-	0.130
2.2	Non-realization of e-kuensel subscription fees	1.084	1.084	-
2.3	Non-incorporation of penalty clause for delay in settlement of credit sales	-	-	-
2.4	Irregularities in collection and deposit	-	-	-
	Total	1.214	1.084	0.130

The cases of shortfalls, lapses and deficiencies are as indicated below:

2.1. UNRECONCILED DIFFERENCE IN REVENUE FROM ADVERTISEMENTS - NU.0.130 MILLION

There was an unreconciled difference of Nu.0.130 million in KCL's revenue generated from advertisements. The total revenue recorded by advertisement department worked out to Nu.77.440 million whereas the revenue as per the Finance Division (including internal sales from Ad Dept.) was Nu.77.570 million with difference of Nu.0.130 million. *AIN: 14997; Para: 5; Accountabilities: Direct: Pema Tenzin, Revenue Officer, CID No. 10811000500; Supervisory: Ugyen Lhendup, Manager, Finance, CID No. 10205006681*

Status: Para remained unresolved. Follow-up Report was issued vide Letter No. RAA/FUCD/KCL/2018/2589 dated 6.9.2018.

2.2. NON-REALIZATION OF E-KUENSEL SUBSCRIPTION FEES

The KCL had generated a total revenue of Nu.1.886 million from e-Kuensel out of which Nu.1.084 million was not realized till date of audit. Further, the control system for student subscription for e-Kuensel - requiring students to produce only the student identification card - was deemed inadequate. Due to the loophole in the control system, there were instances of non-student clients availing 50% student discount through student subscriptions. *AIN: 14997; Para: 6; Accountabilities: Direct: Ugyen Norbu, Manager, Circulation Department, CID No. 10716000733; Supervisory: Thinley Namgyel, GM, HRM & Operations, CID No. 11513002225*

Status: Para was resolved vide letter No. RAA/FUCD/V24/Kuensel/2018/1299 dated 9.5.2018 as the accounts have been reconciled.

2.3. NON-INCORPORATION OF PENALTY CLAUSE FOR DELAY IN SETTLEMENT OF CREDIT SALES

The KCL did not have adequate credit terms to levy penalty in case of delay in payment of bills by their sundry debtors. While the invoices contained specific caution stipulating that the bills have to be cleared within 15 days, there was no penalty clause for the bills that are paid after 15 days. For instance, payment for invoice (no. 15/7042) raised on 15/10/2015, was received without any penalty, only after over three months of its due date. The delayed collection of revenue of Nu.45.201 million (17.40%) out of the total sundry debtors of Nu.259.705 million could be attributed to the laxity in credit policy and inadequate follow-up mechanism. *AIN: 14997; Para: 9; Accountabilities: Direct: Pema Tenzin, Revenue Officer, CID No. 10811000500; Supervisory: Ugyen Lhendup, Manager, Finance, CID No. 10205006681*

Status: Para remained unresolved. Follow-up Report was issued vide Letter No. RAA/FUCD/KCL/2018/2589 dated 06.09.2018.

2.4. IRREGULARITIES IN COLLECTION AND DEPOSIT OF REVENUE

The KCL had differences in revenue recorded by various departments and the revenue as per the accounts department. The revenue realized by various departments were either in short or in excess of the revenue as per the accounts department as shown in the table below:

S/n	Sources of revenue	Amount in million Nu.		
		As per Departments	As per Accounts Department	Differences
1	Kuensel circulation (Chukha highway)	1.689	1.677	0.012
2	Kuensel circulation (Other Dzongkhags)	1.463	1.381	0.083
3	Kuensel circulation (Eastern region)	0.780	1.280	(0.500)
4	PDF (Thimphu)	1.886	0.802	1.084
5	Photo	1.138	3.129	(1.991)

The detailed working on reconciliation of the difference is awaited. *AIN: 14997; Para: 7; Accountabilities: Direct: Pema Tenzin, Revenue Officer, CID No. 10811000500; Supervisory: Ugyen Lhendup, Manager, Finance, CID No. 10205006681*

Status: Partially resolved. The difference has come down to Nu.0.039 million as per letter No. K/M-16/2014/009 dated 28.8.2018 after reconciliation.

1.1.5.8. NATURAL RESOURCES DEVELOPMENT CORPORATION LIMITED

Out one unresolved irregularity of Nu.0.060 million reported to the Parliament in June 2018, Natural Resources Development Corporation Limited had not resolved the same as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	0.060	-	0.060	-
	Total	0.060	-	0.060	

The detailed status of irregularity reported to the Parliament in June 2018 which remained unresolved as on 30/09/2018 are as discussed below:

1. Shortfalls, lapses and deficiencies – Nu.0.060 million

There was a case of shortfalls, lapses and deficiencies involving Nu.0.060 million as indicated below:

1.1. UNECONOMICAL LAND LEASE RENT PAYMENT AMOUNTING TO NU.0.060 MILLION

The Natural Resources Development Corporation Limited had made uneconomical payments amounting to Nu.0.060 million on account of land lease rent. The rent pertained to 6.83 acres of land taken on lease with a plan to establish a stone crushing plant which did not materialize even after three years reflecting weak investment strategy and rendered the expenditure unfruitful. *AIN: 14613; Para: 5; Accountabilities: Direct: Wangchuk, Dy. Regional Manager, EID No. 0370587; Supervisory: Ashit Chhetri, Dy. General Manager (PD), EID No. 1681101*

Status: Para remained unresolved.

1.1.5.9. DRUK HOLDING AND INVESTMENTS

Out of the total unresolved irregularities of Nu.0.050 million reported to the Parliament in June 2018, Druk Holding and Investments had not resolved any irregularities as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	0.050	-	0.050	-
	Total	0.050	-	0.050	

The detailed status of irregularities reported to the Parliament in June 2018 which remained unresolved as on 30/09/2018 are as discussed below:

1. Shortfalls, lapses and deficiencies – Nu.0.050 million

There was a case of shortfalls, lapses and deficiencies involving Nu.0.050 million as indicated below:

1.1. INADMISSIBLE PAYMENT OF OFFICIATING ALLOWANCE TO TWO EMPLOYEES - NU.0.050 MILLION

The Druk Holding and Investments had made inadmissible officiating allowance payment of Nu.0.050 million to two employees for officiating beyond six months permissible by the DHI Service Rules. *AIN: 14353; Para: 1; Accountabilities: Direct: Kinga Lotey, Sr. Manager, Head-HRA, CID No. 10804000021; Supervisory: Dr. Damber S. Kharka, Director-CPD, CID No. 11811000085*

Status: Para remained unresolved. Follow-up Report was issued vide Letter No.RAA/AG/SP/03/2017-2018/336 dated 05/72018 to recover from the individuals and deposit the amount.

1.1.5.10. DUNGSAM POLYMERS LIMITED

Out of the one unresolved irregularity reported to the Parliament in June 2018, Dungsam Polymers Limited had not resolved the same on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	-	-	-	-
	Total	-			

The detailed status of irregularity reported to the Parliament in June 2018 which remained unresolved as on 30/09/2018 is as discussed below:

1. Shortfalls, lapses and deficiencies

There was a case of shortfalls, lapses and deficiencies as indicated below:

1.1. NON-ACHIEVEMENT OF MONTHLY PRODUCTION TARGETS BY THE CONTRACTOR

The Dungsam Polymers Limited's contractor had not achieved monthly production targets by average of 17.71%. The annual target of the works of cutting, valve making, stitching, top and bottom hemming and printing of PP bags was 19.441 million units whereas the actual production was 15.931 million units only, thus not achieving the production target by 3.510 million units. Liquidated damages of 0.5% as stipulated by the mode of working was not levied for the amount of unfulfilled production. The lapse had occurred apparently due to lack of timely monitoring and reviewing of planned targets and its achievements. *AIN: 14707; Para: 1; Accountabilities: Direct: Rinchen Sonam, JE, CID No. 12005002772; Supervisory: D B Gurung, TSD Head, CID No. 11305003222*

Status: Para remained unresolved.

1.1.6. NON-GOVERNMENTAL ORGANISATION

1.1.6.1. BHUTAN FILM ASSOCIATION

Out of the total unresolved irregularities of Nu.18.035 million reported to the Parliament in June 2018, Bhutan Film Association had not resolved any irregularities as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Mismanagement	17.912	-	17.912	-
2	Shortfalls, lapses and deficiencies	0.122	-	0.122	-
	Total	18.034	-	18.034	

The detailed status of irregularities reported to the Parliament in June 2018 which remained unresolved as on 30/09/2018 are as discussed below:

1. Mismanagement - Nu.17.912 million

There were cases of mismanagement involving Nu.17.912 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
1.1	Non-realization of cost of film screening equipment from Bhutan Film Distributor	4.752	-	4.752
1.2	Fixed assets remaining idle	13.160	-	13.160
	Total	17.912	-	17.912

The cases of mismanagement are as indicated below:

1.1. NON-REALIZATION OF COST OF FILM SCREENING EQUIPMENT FROM BHUTAN FILM DISTRIBUTOR - NU.4.752 MILLION

The Bhutan Film Association (BFA) had procured 60 sets of film screening equipment worth Nu.6.899 million funded by KOICA, Government of the Republic of Korea. All the film screening equipment were handed-over to Bhutan Film Distributor (BFD), Thimphu on 28/07/2015 with an agreement similar to hire-purchase system. The two conditions of the agreement, among others, were that - i) BFD must pay monthly installment of Nu.3,300.00 per set for 60 sets for three years after two months from the date of release of the first film; and ii) after completion of final installment, the ownership to the equipment shall be formally handed over to the BFD.

However, even after two years BFA had not received any installment for the hire-purchase agreement nor was there any record indicating the association's effort to realize the installment from the latter. Subsequently, based on the Board's decision to rescind the contract, 40 sets of the equipment were taken back, and the remaining 20 sets were left with BFD under a new contract agreement. The hire charges due amounting to Nu.4.752 million was not realized from BFD till date of audit. *AIN: 14849; Para: 1; Accountabilities: Direct: Tandin Wangchuk, General Manager, Bhutan Film Distributor, CID No. 1160600048; Supervisory: Yeshi Dorji, Executive Director, CID No. 10712002031*

Status:Para remained unresolved. Reminder was sent vide letter No.RAA/FUCD(F50)BFA/2018/2667 dated 10/09/2018.

1.2. FIXED ASSETS WORTH NU.13.160 MILLION REMAINING IDLE

The BFA had large quantities of fixed assets worth Nu.13.160 million lying idle. Immediate management action either for its effective utilization and proper storage or for its disposal was deemed necessary. *AIN: 14849; Para: 2; Accountabilities: Direct: Yeshey Dorji, Executive Director, CID No. 10712002031; Tuka Gurung, Finance/Admin. Officer, CID No. 1201001452; Yeshey Dorji, IT Officer, CID No. 10204000137; Supervisory: Tobgyel, President, CID No. 11410002207; Kesang Jigmi, CID No. 11101001183; Tshering Phuntsho, CID No. 10202000660; Pema Tshering, CID No.11705001918; Yeshey Tshering, CID No. 10801100069; Kinley Dorji, CID No. 10811000784; Tshechu Dorji Wong, CID No. 11410003623; Tshering Dorji, CID No. 11410008578*

Status:Para remained unresolved. Reminder was sent vide letter No.RAA/FUCD(F50)BFA/2018/2667 dated 10/09/2018.

2. Shortfalls, lapses & deficiencies - Nu.0.122 million

There was a case of shortfalls, lapses and deficiencies involving Nu.0.122 million as indicated below:

2.1. SHORTAGE/MISSING OF ASSETS WORTH NU.0.122 MILLION

The BFA had shortage/missing assets such as LCD monitor, light stand, plastic chairs, etc. worth Nu.0.122 million noted during the joint physical verification of assets and equipment. The management was required to trace whereabouts of the assets or recover the cost from the person responsible according to Chapter V of the Property Management Manual 2016. *AIN: 14849; Para: 1; Accountabilities: Direct: Yeshey Dorji, IT Officer, CID No. 102044000137; Supervisory: Yeshey Dorji, IT Officer, CID No. 102044000137*

Status:Para remained unresolved. Reminder was sent vide letter No.RAA/FUCD(F50)BFA/2018/2667 dated 10/09/2018.

1.1.6.2. BHUTAN TRUST FUND FOR ENVIRONMENTAL CONSERVATION

Out of the total unresolved irregularities of Nu.2.085 million reported to the Parliament in June 2018, Bhutan Trust Fund for Environment Conservation had not resolved irregularities as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	2.085			
	Total	2.085			

The detailed status of irregularities reported to the Parliament in June 2018 which remained unresolved as on 30/09/2018 are as discussed below:

1. Shortfalls, lapses and deficiencies - Nu.2.085 million

There were cases of mismanagement involving Nu.2.085 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
1.1	Non-realization of unspent grant balance	1.330	-	1.330
1.2	Insufficient supporting documents for payments made to an unverified agent for car stickers	0.460	-	0.460
1.3	Non-availability of evidence to support the refund of ineligible expenses	0.295	-	0.295
	Total	2.085	-	2.085

The cases of mismanagement are as indicated below:

1.1. NON-REALIZATION OF UNSPENT GRANT BALANCE - NU.1.330 MILLION

The Bhutan Trust Fund for Environmental Conservation (BT FEC) under a grant agreement for "Conservation of Native Tree Species" with the Royal Projects Coordination Office and Department of Forests and Park Services, Ministry of Agriculture and Forests stipulates that "the Grantee shall facilitate the IA to refund reconciled unspent fund balances to the Grantor within 25th day from the project conclusion." The project was completed on 30th June 2016 and the refund of unspent grant balance of Nu.1.330 million from the project implementing units was due on 25th July 2016 as per project agreement. However, the amount was still not refunded. *AIN: 14957; Para: 1; Accountabilities: Direct: Dasho Karma Tenzin, Coordinator, Royal Projects Coordination Office, CID No. 10802000260; Supervisory: Dasho Karma Tenzin, Coordinator, Royal Projects Coordination Office, CID No. 10802000260*

Status: Para remained unresolved. Reminder was sent vide letter No.RAA/FUCD(F11)BT FEC/2018/2666 dated 10/09/2018.

1.2. INSUFFICIENT SUPPORTING DOCUMENTS FOR PAYMENTS MADE TO AN UNVERIFIED AGENT FOR CAR STICKERS - NU.0.460 MILLION

The BTFEC funded project “Advocating Behavioral Change -Managing Our Own Waste - Mongar and Trashigang Thromde” implemented by Clean Bhutan had made payment of Nu.0.700 million to M/s Adglo Neon Sign in Mumbai, India which included Nu.0.460 million for car stickers to Ms. Sonam Yangden without sufficient supporting documents. The Grantee claimed that she was a supplier for Adglo Neon Sign in Bhutan, however confirmation from the supplier to authenticate the payment was not made available for verification. Further, a receipt from Adglo Neon Sign that acknowledged the payment was dated 16th April 2016 whereas the payment to Ms. Sonam Yangden was made only on 25th July 2016. Clarification on receiving acknowledgement dated prior to its payment was not provided. *AIN: 14957; Para: 2; Accountabilities: Direct: Sonam Delkar, Accountant, Clean Bhutan, CID No. 10703001293; Supervisory: Nedup Tshering, Executive Director, Clean Bhutan, CID No. 11405001094*

Status:Para remained unresolved. Reminder was sent vide letter No.RAA/FUCD(F11)BTFEC/2018/2666 dated 10/09/2018.

1.3. NON-AVAILABILITY OF EVIDENCE TO SUPPORT THE REFUND OF INELIGIBLE EXPENSES - NU.0.295 MILLION

The Internal Auditors hired by Clean Bhutan for its BTFEC funded project “Advocating Behavioral Change -Managing Our Own Waste - Mongar and Trashigang Thromde” had flagged two expenses aggregating to Nu.0.295 million as ineligible. The grantee claimed that these amounts were refunded back to the project. However, evidence to substantiate the refund was not furnished due to which the authenticity of refund reportedly made to BTFEC could not be vouched. *AIN: 14957; Para: 3; Accountabilities: Direct: Sonam Delkar, Accountant, Clean Bhutan, CID No. 10703001293; Supervisory: Nedup Tshering, Executive Director, Clean Bhutan, CID No. 11405001094*

Status:Para remained unresolved. Reminder was sent vide letter No.RAA/FUCD(F11)BTFEC/2018/2666 dated 10/09/2018.

1.1.6.3. CONSTRUCTION ASSOCIATION OF BHUTAN

Out of the total unresolved irregularity of Nu.0.413 million reported to the Parliament in June 2018, Construction Association of Bhutan had settled the amount. However, the irregularities could not be fully resolved as administrative action against the accountable persons were not taken as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Fraud, Corruption & Embezzlement	0.196	0.196	-	-
2	Shortfalls, lapses and deficiencies	0.217	0.22	-	100
	Total	0.413	0.413	-	

The detailed status of irregularities reported to the Parliament in June 2018; irregularities resolved thereafter and unresolved as on 30/09/2018 are as discussed below:

1. Fraud, Corruption and Embezzlement

There was a case with elements of fraud, corruption and embezzlement as indicated below:

1.1. PHYSICAL VERIFICATION OF CASH IN HAND AND SHORTAGES THEREOF

The Construction Association of Bhutan (CAB) had adjusted closing cash balance of Nu.0.196 million which was physically not available during physical verification. Non-availability of cash in hand on physical verification indicated misuse of cash by the dealing official. *AIN: 14791; Para: 5; Accountabilities: Direct: Papu Maya Yonzon, CID No.: 11808003236; Supervisory: Sonam Rinzin, CID No. 1141100237*

Status: Partially resolved. Although the amount Nu.0.196 million was adjusted /recovered as per the details furnished vide letter No.CAB/ADM/2018/43 dated 29/03/2018 and CAB/ADM/2018/49 dated 4/4/2018, the para remained unsettled as administrative action against the accountable official was not taken.

2. Shortfalls, lapses and deficiencies

There were cases of shortfalls, lapses and deficiencies involving Nu.0.217 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
2.1	Alteration/Missing of Cashbook pages	-	-	Partly settled
2.2	Outstanding Advances	0.217	0.217	-
	Total	0.217	0.217	-

The cases of shortfalls, lapses and deficiencies are as indicated below:

2.1. ALTERATION/MISSING OF CASHBOOK PAGES

The CAB had two instances that violated the fundamental bookkeeping norms. In the first instance, nine pages of a cash book were altered by replacing them with different pages. In the second instance, three pages of the cash book were detached and missing. Alteration/removal of cashbook pages is a serious accounting lapse and could be construed as tampering the accounting records to conceal fraud. *AIN: 14791; Para: 2.1 & 2.2; Accountabilities: Direct: Karma Wangmo, Finance Officer, CID No. 10605002780; Supervisory: Wangdi Gyeltshen, CID No. 11107000715*

Status: Partially resolved. Para 2.1 was settled as the administrative action was taken against the incumbent, however, 2.2 remained same.

2.2. OUTSTANDING ADVANCES

The CAB had unsettled advances of Nu.0.217 million. The non-settlement of advances was in violation to Section 10.6 of CAB Service Rules, 2005 which requires advances to be adjusted within one year. *AIN: 14791; Para: 1; Accountabilities: Direct: Sonam Rinzin, CID No. 11411002377; Ugyen Dorji, CID No. 10305002877; Supervisory: Wangdi Gyeltshen, CID No. 11107000715*

Status: Para was resolved based on the recovery of amount as intimated vide letter No.CAB/ADM/2017/43 dated 28/07/2017 and No.CAB/ADM/2018/49 dated 4/4/2018.

1.4 AUDIT REPORT ON JOINT AUDITS OF HYDROPOWER PROJECT

The RAA had undertaken three Joint Audits of Hydro Power Projects of Punatsangchhu-I Hydroelectric Project Authority, Punatsangchhu-II Hydroelectric Project Authority and Mangdechhu Hydroelectric Project Authority during 2017. The audits were conducted as per the Standard Operating Procedures signed between the RAA and the Comptroller and Auditor General of India and the Projects Agreement signed between the Royal Government of Bhutan and the Government of India.

The AAR 2017 includes only the unresolved significant audit observations of Punatsangchhu-I Hydroelectric Project Authority, Punatsangchhu-II Hydroelectric Project Authority and Mangdechhu Hydroelectric Project Authority.

1.4.1. PUNATSANGCHHU-II HYDROELECTRIC PROJECT AUTHORITY

Out of the total unresolved irregularities of Nu.3,001.601 million reported to the Parliament in June 2018, Punatsangchhu-II Hydroelectric Project Authority had not resolved any irregularities as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Mismanagement	6.058	-	6.058	-
2	Violation of laws and rules	2,963.825	-	2963.825	-
3	Shortfalls, lapses and deficiencies	31.718	-	31.718	-
	Total	3,001.601	-	3001.601	

The detailed status of irregularities reported to the Parliament in June 2018 which remained unresolved as on 30/09/2018 are as discussed below:

1. Mismanagement - Nu.6.058million

There were cases of mismanagement involving Nu.6.058 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
1.1	Appointment of two Director Technical resulting into avoidable expenditure	6.058	-	6.058
	Total	6.058	-	6.058

The case of mismanagement is as indicated below:

1.1. APPOINTMENT OF TWO DIRECTOR TECHNICAL RESULTING IN AVOIDABLE EXPENDITURE OF NU.6.058 MILLION

The appointment of separate Directors - Technical (DTs) in PHPA-I and II was not in line with approved decision of the Empowered Joint Group during the First Authority Meeting of PHPA-II where the Authority decided ‘...to have a common Management for Punatsangchhu-I and II Projects to bring about efficiency and synergy in the two projects and to fast-track implementation of Punatsangchhu-II Project...’. The appointment of separate DTs for PHPA-I and II had resulted in injudicious expenditure amounting to Nu.6.058 million. *AIN: 14799; Para: A9; Accountabilities: Direct: R.N Khazanchi, MD, WPN: 1919070021000356; Dasho Phuntsho Norbu, Ex-JMD, CID No. 10710001921; Supervisory: R.N Khazanchi, MD, WPN: 1919070021000356; Dasho Phuntsho Norbu, Ex-JMD, CID No. 10710001921*

Status: Para remained unresolved.

2. Violations of laws and rules - Nu.2,963.825 million

There were cases of violations of laws and rules involving Nu.2,963.825 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
2.1	Huge delay in the completion of Milestone-2 and the acceleration works	-	-	-
2.2	Non-conformity to the specification of PVC water stop for dam construction	-	-	-
2.3	Overpayment on account of extra 5% contractor’s overhead and profit	983.275	-	983.275
2.4	Delays in the Construction of residential and non-residential buildings under Packages R-I to R-IV	-	-	-
2.5	Avoidable expenditure on account of excess manpower deployment	10.126	-	10.126
2.6	Extra expenditure due to unrealistic fixing of Bill of Quantity	1,493.500	-	1,493.500

2.7	Avoidable expenditure on escalation	154.000	-	154.000
2.8	Excess payment towards improper calculation of machine hour rate	11.324	-	11.324
2.9	Excess payment due to improper computation of indirect charges	311.600	-	311.600
2.10	Huge cost overrun apart from delay in completion of C3 package	-	-	-
Total		2,963.825	-	2,963.825

The cases of violations of laws and rules are as indicated below:

2.1. HUGE DELAY IN THE COMPLETION OF MILESTONE-2 AND THE ACCELERATION WORKS

PHPA-II had huge delay in contract package MC-1⁵ due to delay in completion of Milestone-2⁶ and its acceleration works. As there was deferment of 1248 days in the completion of Milestone-2, the completion of the project in the deferred deadline i.e., in December 2019 (deferred from June 2018) remains doubtful and would also have huge cost & time overrun and revenue loss. *AIN: 14799; Para: A1; Accountabilities: Direct: T.K Sen, Project Manager, WAPCOS, WPN: 00000000015187; K.L Thakur, EE, WPN: 191903013416447; Supervisory: T.K Sen, Project Manager, WAPCOS, 00000000015187; R. K. Dogra, Dy. CE, WPN: 2238808*

Status: Para remained unresolved.

2.2. NON-CONFORMITY TO THE SPECIFICATION OF PVC WATER STOP FOR DAM CONSTRUCTION

As per the technical specification and drawings of dam works, ASTM qualified PVC water stops which conform to specification of IS 12200 was required to be used in the dam construction. Instead of using ASTM qualified PVC water stops, the PHPA-II had used BIS standard PVC water stop that did not meet the elongation and tear resistance parameter. The elongation parameter is very important for accommodating itself to movement in concrete and also helps withstand shear movements and hydrostatic pressure. The tear resistance parameter offers adequate inherent resistance to many waterborne chemicals and improves the durability of the water stop. Non-conformity of such properties to desired specification may lead to the failure of water seal causing seepage from the joints of foundation level concrete posing potential risk to the structure. *AIN: 14799; Para: A2; Accountabilities: Direct: R.K Dogra, Dy. CE (DAM), WPN: 2238808; Supervisory: Y.K Sharma, D(T), WPN: 1919032771009605*

Status: Para remained unresolved.

⁵Construction of Diversion Tunnel, Dam, Intake and Desilting Arrangement including Hydro-mechanical works and Highway Tunnel

⁶Excavation of Intakes complete, concreting of Dam up to EL.775m, excavation of desilting chambers 66%, h/way tunnel complete;

2.3. OVERPAYMENT ON ACCOUNT OF EXTRA 5% CONTRACTOR'S OVERHEAD AND PROFIT - NU.983.275 MILLION

The PHPA-II while calculating the analyzed rate for the quantities exceeding 130% had taken into account the overhead cost and contractor's profit at 25% (provided in the contract agreement) instead of 20% as allowed by the CWC Guidelines thereby resulting into overpayment of Nu.186.775 million in MC-1 and Nu.796.50 million in MC-2 & 3 packages. *AIN: 14799; Para: A3 & B1; Accountabilities: Direct: R.N Khazanchi, MD, WPN: 1919070021000356, Dasho Phuntso Norbu, Ex-JMD, CID No. 11510004119, V.K Choubey, Ex-D(F), WPN: 1739588, Y.K Sharma, D(T), WPN: 1928149; Supervisory: R.N Khazanchi, MD, WPN: 1919070021000356, Dasho Phuntso Norbu, Ex. JMD, CID No. 11510004119, V.K Choubey, Ex-D(F), WPN: 1739588, Y.K Sharma, D(T), WPN: 1928149*

Status: *Para remained unresolved.*

2.4. DELAYS IN THE CONSTRUCTION OF RESIDENTIAL AND NON-RESIDENTIAL BUILDINGS UNDER PACKAGES R-I TO R-IV

The construction of residential and non-residential buildings under R-I to R-IV packages were not completed on their stipulated deadlines. Provisional time extension ranging from six to nine months were provided so as to keep the contract alive without levying liquidated damages for the delay. Therefore, strict supervision and monitoring in the progress of construction was found necessary to avoid further delay. *AIN: 14799; Para: A6; Accountabilities: Direct: R.N Khazanchi, MD, WPN: 1919070021000356, Dasho Phuntso Norbu, Ex. JMD, CID No. 11510004119, V.K Choubey, Ex. D(F), WPN: 1739588, Y.K Sharma, D(T), WPN: 1928149; Supervisory: R.N Khazanchi, MD, WPN: 1919070021000356, Dasho Phuntso Norbu, Ex. JMD, CID No. 11510004119, V.K Choubey, Ex. D(F), WPN: 1739588, Y.K Sharma, D(T), WPN: 1928149*

Status: *Para remained unresolved.*

2.5. AVOIDABLE EXPENDITURE ON ACCOUNT OF EXCESS MANPOWER DEPLOYMENT - NU.10.126 MILLION

PHPA-II had incurred avoidable expenditure of Nu.10.126 million on account of excess manpower deployed in various project offices. Personnel expenses as per approved manpower for financial year 2016-17 worked out to Nu.37.813 million whereas PHPA-II had made payment of Nu.47.939 million with overpayment of Nu.10.126 million. The overpayment had occurred due to delay in approving annual manpower deployment plan submitted by WAPCOS. *AIN: 14799; Para: B2; Accountabilities: Direct: R.N Khazanchi, MD, WPN: 1919070021000356, Dasho Phuntso Norbu, Ex. JMD, CID No. 11510004119, V.K Choubey, Ex. D(F), WPN: 1739588, Y.K Sharma, D(T), WPN: 1928149; Supervisory: R.N Khazanchi, MD, WPN: 1919070021000356, Dasho Phuntso Norbu, Ex.*

JMD, CID No. 11510004119, V.K Choubey, Ex. D(F), WPN: 1739588, Y.K Sharma, D(T), WPN: 1928149

Status: Para remained unresolved.

2.6. EXTRA EXPENDITURE DUE TO UNREALISTIC FIXING OF BILL OF QUANTITY - NU.1,493.500 MILLION

PHPA-II had incurred extra expenditure of Nu.1,493.500 million on account of payment for deviated items at analyzed rates due to unrealistic BOQ of various items of work. In MC-3 package there were 106 items with actual quantities of work much higher than the BOQ (varied between 1.68% and 8784.63%) and in MC-2 package there were 15 such items with differences ranging from 2.33% to 853.38%. The Project could have avoided the extra payment had the estimates been prepared realistically. *AIN: 14799; Para: B3; Accountabilities: Direct: T.K Sen, Project Manager, WAPCOS, WPN: 00000000015187; Supervisory: T.K Sen, Project Manager, WAPCOS, WPN: 00000000015187*

Status: Para remained unresolved.

2.7. AVOIDABLE EXPENDITURE ON ESCALATION - NU.154.000 MILLION

- a. As per the amendment of Clause 6.3.2.1 of the PRR 2009, in addition to revision of duration for price adjustment, it was directed to consider 0.80 of value of work done in the formula of the price adjustment. However, PHPA-II allowed 0.85 of the value of work done in the formula which resulted in avoidable expenditure of Nu.105.700 million in respect of escalation payment in two packages (MC-2 & 3).
- b. Similarly, PHPA-II had incurred avoidable expenditure of Nu.48.300 million on price escalation in EM-I due to non-exclusion of advance from the total cost during price adjustment. While the contract agreements of other three packages (EM-II to EM-IV) had provision restricting price adjustment on advance payment, such restriction was not laid out in EM-I contract. PHPA-II had paid Nu.483.280 million as price escalation which included avoidable expenditure of Nu.48.33 million on account of the cost escalation on 10% advance payment.

AIN: 14799; Para: B4 & B11; Accountabilities: Direct: T.K Sen, Project Manager, WAPCOS, WPN: 00000000015187; Supervisory: T.K Sen, Project Manager, WAPCOS, WPN: 00000000015187

Status: Para remained unresolved.

2.8. EXCESS PAYMENT TOWARDS IMPROPER CALCULATION OF MACHINE HOUR RATE - NU.11.324 MILLION

PHPA-II made excess payments of Nu.11.324 million to M/s Jaiprakash Associates Ltd. due to erroneous calculation of machine hour rates. CWC guidelines specify that the interest on capital should not be included to calculate machine hour rate if the contractor is provided with an interest free machinery advance. However, notwithstanding the guidelines, interest free advances were included in the calculation of machine hour rate, resulting in excess payments of Nu.4.155 million and Nu.7.169 million under MC-3 and MC-2 packages respectively. *AIN: 14799; Para: B6; Accountabilities: Direct: G.K Aggarwal, EIC (HRT), WPN: 1983559; Thinley, Ex. CE (PH), CID No.11503004510; GorabDorji, EIC (PH), CID No. 10205004391; Supervisory: Y.K Sharma, Dir. (Technical), WPN: 1919032771009605; V.S Mathur, Dy. CFO, WPN: 191906279569772*

Status: Para remained unresolved.

2.9. EXCESS PAYMENT DUE TO IMPROPER COMPUTATION OF INDIRECT CHARGES - NU.311.600 MILLION

The PHPA-II had considered gross pay instead of basic pay to derive indirect charges in rate analysis which was against the CWC guidelines. Total payment of Nu.2,264.700 million was made towards extra and deviated items for MC-2 and MC-3 packages which included excess payment of Nu.299.900 million due to the calculation of indirect charges based on gross pay.

Moreover, the indirect charges included 8.33% of gross pay as Provident Fund (PF) component whereas the contractors were depositing only 5% of basic pay as Employer's PF contribution thereby resulting in excess payment of Nu.11.700 million to the contractors. *AIN: 14799; Para: B8; Accountabilities: Direct: N.S Chauhan, EE, WPN: 2034505; H.P Chaurasia, AEE, WPN: 191906011564962; Sonam Chopel, AEE, CID No. 10809000136; Mohd. Amanullah, AEE, WPN: 191915011359419; Supervisory: G.K Aggarwal, EIC, WPN: 1983559; Thinley, EIC, CID No. 11503004510; A. Bandopadhyay, CFO, WPN: 1975300*

Status: Para remained unresolved.

2.10. HUGE COST OVERRUN APART FROM DELAY IN COMPLETION OF C3 PACKAGE

The construction of Underground Power House under MC-3 package was delayed due to major rock mass failure in March 2016. The massive rock-fall also affected the Transformer Hall and Machine Hall caverns, and the work on Down Stream Surge Chamber has been stopped since then. Further, the above delay has hindered the commissioning of components under EM-I Package. The complete commissioning of all the components would be delayed by 16 months, as the execution of the work under the EM-I package can only be available from March 2018. This would lead to creation of overrun charges liability to tune of Nu.24 million to BHEL liable as per Clause 25 of

General Conditions of Contract. *AIN: 14799; Para: B10; Accountabilities: Direct: Ugyen Penjor, AE, CID No. 10716001522; Ajoy T. P. AEE, WPN: 2277061; H. S. Thakur, EE, WPN: 1794041; T. K. Sen, Project Manager, WAPCOS, WPN: 00000000015187; Supervisory: Sanjiv Kumar, Chief Geologist, WPN: 2168171; Thinley, CE, CID No. 11503004510; T. K. Sen, Project Manager, WAPCOS, WPN: 00000000015187*

Status: Para remained unresolved.

3. Shortfalls, lapses and deficiencies - Nu.31.718 million

There were cases of shortfalls, lapses and deficiencies involving Nu.31.718 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
3.1	Inadmissible financial benefits on promotion	1.818	-	1.818
3.2	Non-achievement of planned targets in the Afforestation work	-	-	-
3.3	Unfruitful expenditure	29.900	-	29.900
	Total	31.718	-	31.718

The cases of shortfalls, lapses and deficiencies are as indicated below:

3.1. INADMISSIBLE FINANCIAL BENEFITS ON PROMOTION - NU.1.818 MILLION

PHPA-II had made inadmissible payment amounting to Nu.1.818 million during promotion of six officials on deputation. The officials were granted financial benefits in contravention to the stipulation⁷ of Ministry of External Affairs, India. Further, the officials were paid daily allowance of US \$60.00/day for official tour in Bhutan as prescribed by MEA, India. In addition to this, the same officials while on tour to India were paid DSA at rates prescribed by RGoB instead of Indian DSA rates. Unclear DSA rules had resulted in rendering undue benefits to them when compared to RGoB and contract counterparts. *AIN: 14799; Para: A8.1; Accountabilities: Direct: K.L Thakur, EE (DAM), WPN: 191903013416447; Rajender Singh, EE (DAM), WPN: 191906011538732; N.S Chauhan, EE(HRT), WPN: 2034505; Naveen Sharma, EE (PH), WPN: 191906011989278; Parupkar Singh, ASE (E&M-I), WPN: 191906011607850; Y. K. Sharma, D(T), WPN: 1919032771009605; Supervisory: R.N Khazanchi, MD, WPN: 1919070021000356; Dasho Phuntsho Norbu, Ex. JMD, CID No. 10710001921; V.K Choubey, Ex D(F), WPN: 1739588; Y.K Sharma, D(T), WPN: 1919032771009605*

Status: Para remained unresolved.

⁷"If the officer becomes due for promotion in his parent Department, while still on deputation, he will not be entitled to the financial benefits of the same during the deputation. It will be for his parent Department to consider the question of protecting his seniority and of fixing his pay at the appropriate stage from the date of his re-joining his parent Department, on the expiry of his deputation". - Ministry of External Affairs, India letter no. E.IV/551/9/2001 dated 21/11/2001.

3.2. NON-ACHIEVEMENT OF PLANNED TARGETS IN THE AFFORESTATION WORK

Against the 600 hectares of forestland obliged to be afforested as per environment impact statement, PHPA-II had executed afforestation works in 138.17 hectares only till date of audit. The completion of afforestation of remaining areas in the extended period till 2019 may not be possible. *AIN: 14799; Para: A10; Accountabilities: Direct: Jigme Nidup, Dy. CEO, CID: 10710001805; Supervisory: Dasho Phuntsho Norbu, Ex JMD, CID No. 10710001921*

Status: Para remained unresolved.

3.3. UNFRUITFUL EXPENDITURE OF NU.29.900 MILLION

With the view to mining operation at Taksha-V a road connecting Taksha-III to Taksha-Silli farm was constructed in June 2014 at a cost of Nu.29.900 million. However, since Taksha-V quarry site was not finalized till date of audit, the expenditure of Nu.29.900 million incurred for the road was unfruitful. *AIN: 14799; Para: B9; Accountabilities: Direct: M.V Kasulu, AEE, WPN: 2024312; Naveen Sharma, EE, WPN: 191906011989278; Supervisory: Thinley, EIC, CID No. 11503004510*

Status: Para remained unresolved.

1.4.2. PUNATSANGCHHU-I HYDROELECTRIC PROJECT AUTHORITY

Out of the total unresolved irregularities of Nu.819.240 million reported to the Parliament in June 2018, Punatsangchhu-I Hydroelectric Project Authority had not resolved any irregularities as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Violation of laws and rules	801.713	-	801.713	-
2	Shortfalls, lapses and deficiencies	17.527	-	17.527	-
Total		819.240	-	819.240	

The detailed status of irregularities reported to the Parliament in June 2018 which remained unresolved as on 30/09/2018 are as discussed below:

1. Violations of laws and rules - Nu.801.713 million

There were cases of violations of laws and rules involving Nu.801.713 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
1.1	Unjustified time extension for the completion of milestones in MC-3 Package	-	-	-
1.2	Extra payment due to un-realistic BoQ	8.582	-	8.528
1.3	Issue in hand-taking of maintenance work of HRT during its operation period	-	-	-
1.4	Overpayment of Nu.73.73 million for MC-3 and Nu.29.98 million for MC-2 on account of extra 5% contractor's overhead and profit	590.690	-	590.690
1.5	Excess payment on escalation due to non-incorporation of Secured Advance in the value of work	179.121	-	179.121
1.6	Improper planning of work resulting in non-levy of LD	1.890	-	1.890
1.7	Unrealistic estimate leading to cost overrun towards haulage of excavated materials	-	-	-
1.8	Time overrun in execution MEM-I Package	-	-	-
1.9	Non-insertion of proper escalation clause in the NIT leading to avoidable expenditure	6.640	-	6.640
1.10	Avoidable expenditure	1.140	-	1.140
1.11	Blockade of funds due to excess procurement of furniture and inventory	13.650	-	13.650
	Total	801.713	-	801.713

The cases of violations of laws and rules are as indicated below:

1.1. UNJUSTIFIED TIME EXTENSION FOR THE COMPLETION OF MILESTONES IN MC-3 PACKAGE

PHPA-I had granted unjustified time extension for MC-3 package⁸ comprising four milestones. There was an overall delay of 1065 days (2 years and 9 months approximately) in the completion of the MC-3 package due to deferment of Milestone-3 by 740 days caused by delays in Milestones-1 & 2 and deferment of Milestone-4 by 364 days.

⁸ The Construction work of Head Race Tunnel (from Surge Shaft end), Surge Shaft, Butterfly Valve Chamber, Pressure Shaft, Power House and Tail Race Tunnel including Hydro-mechanical works (Contract Package C-3)

The approval of deferment of 364 days included 227 days for handing-taking of work front with electromechanical works was not justifiable. This deferred period may still extend beyond the above completion date as the works in the Milestone-4 were still ongoing as on date of audit in May 2017. *AIN: 14798; Para: A1.1; Accountabilities: Direct: R.N Khazanchi, MD, WPN: 1919070021000356; Dasho Phuntso Norbu, Ex. JMD, CID No. 11510004119; V.K Choubey, Ex. D(F), WPN: 1739588; Y.K Sharma, D(T), WPN: 1928149; Supervisory: R.N Khazanchi, MD, WPN: 1919070021000356; Dasho Phuntso Norbu, Ex. JMD, CID No. 11510004119; V.K Choubey, Ex. D(F), WPN: 1739588; Y.K Sharma, D(T), WPN: 1928149*

Status: *Para remained unresolved.*

1.2. EXTRA PAYMENT OF NU.8.582 MILLION DUE TO UN-REALISTIC BOQ

PHPA-I had made extra payment of Nu.8.582 million on account of unrealistic BoQ for the design, fabrication, transport, supply and erection of bulkheads. As per the methodology approved by WAPCOS/CWC, the estimated quantity of bulkheads worked out to 57 MT for two sets of bulkheads. However, the BoQ had provision for 15.60 MT only, resulting in extra quantity of 41.40 MT including 30% deviation. The huge deviation of work clearly reflected that either the WAPCOS did not do proper studies on the actual requirement of the item of work, or the BoQ was prepared without taking into consideration the methodology to be used in the construction of Bulkheads. *AIN: 14798; Para: A1.2; Accountabilities: Direct: R.N Khazanchi, MD, WPN: 1919070021000356; Dasho Phuntso Norbu, Ex. JMD, CID No. 11510004119; V.K Choubey, Ex. D(F), WPN: 1739588; Y.K Sharma, D(T), WPN: 1928149; Supervisory: R.N Khazanchi, MD, WPN: 1919070021000356; Dasho Phuntso Norbu, Ex. JMD, CID No. 11510004119; V.K Choubey, Ex. D(F), WPN: 1739588; Y.K Sharma, D(T), WPN: 1928149*

Status: *Para remained unresolved.*

1.3. ISSUE IN HANDING-TAKING OF MAINTENANCE WORK OF HRT

PHPA-I had a lapse with regard to handing-taking of maintenance of Head Race Tunnel. The construction of HRT and maintenance works was completed in all respects except for filling of HRT to monitor leakages, damages and other defects was not done due to the non-availability of water and also as the construction of dam is delayed considerably. The management waived-off the criteria of passing final test satisfactorily and issued the completion and maintenance certificates without actually conducting the test. Waiving-off the criteria and absolving the contractor's responsibility based on a simple agreement to carry the works only if the resources of the contractor are available at Package C-2 of PHPA-II was a risky and highly uncertain proposal as the PHPA-II would have already been completed and the contractor left. *AIN: 14798; Para: A2.1; Accountabilities: Direct: Sandeep Aggarwal, EIC, WPN: 1794039; Supervisory: R.N Khazanchi, MD, WPN: 1919070021000356; Dasho Phuntso Norbu, Ex. JMD, CID No. 11510004119; V.K Choubey, Ex. D(F), WPN: 1739588; Y.K Sharma, D(T), WPN: 1928149*

Status: Para remained unresolved.

1.4. OVERPAYMENT ON ACCOUNT OF EXTRA 5% CONTRACTOR'S OVERHEAD AND PROFIT - NU.590.690 MILLION

- a) PHPA-I had made overpayments of Nu.73.730 million under MC-3 and Nu.29.980 million under MC-2 on account of extra 5% contractor's overhead and profit. PHPA-I while computing the analyzed rate for the quantities exceeding beyond 130%, has taken into account the overhead cost and contractor's profit at 25% as provided in the contract agreement instead of 20% as allowed by the CWC Guidelines thereby resulting in the overpayments.

Similarly, the project had made overpayments aggregating to Nu.453.460 million under MC-1 package on account of extra 5% contractor's overhead and profit. *AIN: 14798; Para: A3, B3.A & B3.B; Accountabilities: Direct: R.N Khazanchi, MD, WPN: 1919070021000356; Dasho Phuntso Norbu, Ex. JMD, CID No. 11510004119; V.K Choubey, Ex. D(F), WPN: 1739588; Y.K Sharma, D(T), WPN: 1928149; Supervisory: R.N Khazanchi, MD, WPN: 1919070021000356; Dasho Phuntso Norbu, Ex. JMD, CID No. 11510004119; V.K Choubey, Ex. D(F), WPN: 1739588; Y.K Sharma, D(T), WPN: 1928149*

Status: Para remained unresolved.

- b) For the strengthening works of the right bank slope movement at the dam site, PHPA-I had allowed 25% profits and overheads to M/s Larsen and Toubro. Since the issue was raised in previous audit, PHPA-I was aware that allowing 25% profit was not in conformity with the CWC guidelines. PHPA-I has paid Nu.167.62 million towards profits and overheads (@ 25%) to M/s L&T out of which the payment of Nu.33.520 million could have been avoided had the overheads and profits been paid @ 20%. *AIN: 14798; Para: B3.B; Accountabilities: Direct: J.S Bajwa, CE, WPN: 191907011552844; A.S Chaudhary, CE (Contract), WPN: 191907011600921; Supervisory: R.N Khazanchi, MD, WPN: 1919070021000356; Dasho Phuntso Norbu, Ex. JMD, CID No. 11510004119; V.K Choubey, Ex. D(F), WPN: 1739588; Y.K Sharma, D(T), WPN: 1928149*

Status: Para remained unresolved.

1.5. EXCESS PAYMENT ON ESCALATION DUE TO NON-INCORPORATION OF SECURED ADVANCE IN THE VALUE OF WORK - NU.179.121 MILLION

- a) As a standard practice to determine escalation payment, the amount of secured advance paid to the contractor was to be added to the value of work done and later during recovery of such advance, the recovery amount was deducted from the value of work. However, PHPA-I had not incorporated such provision in MC-2 and MC-3 package thereby inflating the value of work resulting in excess payment on escalation amounting to Nu.8.100 million in MC-2 and Nu.4.216 million in MC-3.

Similarly, in MC-1 package the project had made excess payment of Nu.15.485 million due to non-incorporation of Secured Advance in the value of work.

- b) The contract agreement of MEM-I package stated that the ex-factory/FOB Contract Price of equipment and services stated in the Contract shall be the base price for calculation of price adjustment. However, PHPA-I had allowed price adjustment on advance payment of Nu.1,015.830 million that was paid before the price increase. Allowing price adjustment on the advance payment had resulted in extra payment of Nu.151.320 million up to March 2017.

AIN: 14798; Para: A4, B2 & B5; Accountabilities: Direct: R.N Khazanchi, MD, WPN: 1919070021000356; Dasho Phuntso Norbu, Ex. JMD, CID No. 11510004119; V.K Choubey, Ex. D(F), WPN: 1739588; Y.K Sharma, D(T), WPN: 1928149; Supervisory: R.N Khazanchi, MD, WPN: 1919070021000356; Dasho Phuntso Norbu, Ex. JMD, CID No. 11510004119; V.K Choubey, Ex. D(F), WPN: 1739588; Y.K Sharma, D(T), WPN: 1928149

Status: *Para remained unresolved.*

1.6. IMPROPER PLANNING OF WORK RESULTING IN NON-LEVY OF LIQUIDATED DAMAGE - NU.1.890 MILLION

The resurfacing of approach road to PHPA -1 Bjimithangkha from the Dam junction awarded to M/s T-Kuenzom was a delayed by almost 4 months. No liquidated damages was levied for the delay, instead time extension was granted on many occasions. Rationale for time extension instead of levying liquidated damages was not justifiable since the management of PHPA should have properly planned and considered the factors such as monsoon season and traffic congestion before the award of the work. *AIN: 14798; Para: A5; Accountabilities: Direct: R.N Khazanchi, MD, WPN: 1919070021000356; Dasho Phuntso Norbu, Ex. JMD, CID No. 11510004119; V.K Choubey, Ex. D(F), WPN: 1739588; Y.K Sharma, D(T), WPN: 1928149; Supervisory: A.S Chaudhary, CE (Contract), WPN: 191907011600921; D.S Thakur, EIC/SE, WPN: 1825135*

Status: *Para remained unresolved.*

1.7. UNREALISTIC ESTIMATE LEADING TO COST OVERRUN TOWARDS HAULAGE OF EXCAVATED MATERIALS

PHPA-I had made unrealistic estimate of excavation of loose or cut rocks and its haulage under MC-I package leading to enormous cost overrun. Due to changes in designs and specifications of various items, there was huge deviation in the quantity of excavation and consequent deviation in haulage of excavated materials. Since the deviation in the quantity of excavation and its haulage had abnormally increased by 2059% and 6069% respectively, the BOQ estimates for such items did not prove to be realistic and rendered meaningless. Nu.1,347.970 million has been paid to the contractor at higher market rates towards haulage of materials beyond the deviation limit of 130%. *AIN: 14798; Para: B4; Accountabilities: Direct: R.N Khazanchi, MD, WPN: 1919070021000356; Dasho Phuntso Norbu, Ex. JMD, CID No. 11510004119; V.K Choubey, Ex. D(F), WPN: 1739588; Y.K Sharma, D(T), WPN: 1928149; Supervisory: R.N Khazanchi, MD, WPN:*

1919070021000356; Dasho Phuntso Norbu, Ex. JMD, CID No. 11510004119; V.K Choubey, Ex. D(F), WPN: 1739588; Y.K Sharma, D(T), WPN: 1928149

Status: Para remained unresolved.

1.8. TIME OVERRUN IN EXECUTION MEM-I PACKAGE

The work 'Generating units and associated auxiliaries including EOT cranes' under MEM-I package that commenced on 04/02/2010 was to be completed on 04/01/2014. Since the progress of the electro-mechanical work is dependent on main civil packages and that MC-I package has been rescheduled till December 2021, commissioning of the 'Generating units' would not be possible till then. Consequently, the project would have to pay overrun charges of Nu.757.500 million to M/s BHEL liable as per Clause 25 of the Contract. *AIN: 14798; Para: B6; Accountabilities: Direct: A.S Chaudhary, CE (Contract), WPN: 191907011600921; Y.K Dhir, CE, WPN: 19190711611107; Arun Goyal, CE, E&M, WPN: 191907013588110; Supervisory: Y.K Sharma, (DT), WPN: 1919032771009600*

Status: Para remained unresolved.

1.9. NON-INSERTION OF PROPER ESCALATION CLAUSE IN THE NIT LEADING TO AVOIDABLE EXPENDITURE OF NU.6.640 MILLION

As per the amendment of Clause 6.3.2.1 of the PRR 2009, in addition to revision of duration for price adjustment, it was directed to consider 0.80 of value of work done in the formula of the price adjustment. However, PHPA-I allowed 0.85 of the value of work done in the formula thereby resulting in avoidable expenditure of Nu.6.640 million in respect of two packages (5 & 7) in payment of escalation. *AIN: 14798; Para: B7; Accountabilities: Direct: R.N Khazanchi, MD, WPN: 1919070021000356; Dasho Phuntso Norbu, Ex. JMD, CID No. 11510004119; V.K Choubey, Ex. D(F), WPN: 1739588; Y.K Sharma, D(T), WPN: 1928149; Supervisory: A.S Chaudhary, CE (Contract), WPN: 191907011600921*

Status: Para remained unresolved.

1.10. AVOIDABLE EXPENDITURE OF NU.1.140 MILLION

PHPA-I had incurred avoidable expenditure of Nu.1.140 million on account of delays in construction of E-type Buildings at Bjmithangkha. Delays of 371 days pertaining to non-availability of construction power at site (159 days), non-finalization of floor tiles (136 days), and delay in handing over the site (76 days) out of 543 attributable to PHPA-1 could have been avoided had PHPA-1 fulfilled the contractual obligations in time. Due to the delays an avoidable expenditure of Nu.1.441 million was incurred on account of cost escalation. *AIN: 14798; Para: B8; Accountabilities: Direct: A.S Chaudhary, CE (Contract), WPN: 191907011600921; A.K Singh, EIC/SE, WPN: 1987165; D.S Thakur, EIC/SE, WPN: 1825135; Supervisory: R.N Khazanchi, MD, WPN:1919070021000356; Dasho Phuntso*

Norbu, Ex. JMD, CID No. 11510004119; V.K Choubey, Ex. D(F), WPN: 1739588; Y.K Sharma, D(T), WPN: 1928149

Status: Para remained unresolved.

1.11. BLOCKADE OF FUNDS OF 13.650 MILLION DUE TO EXCESS PROCUREMENT OF FURNITURE AND INVENTORY

PHPA-I procured items in very large numbers without assessing their annual consumption pattern as evident from the fact that these are lying unused in stock since last three years. The excess procurement has been made in almost all categories of articles viz stationeries, electrical items and miscellaneous items. Unissued stocks of those items amounting to Nu.4.800 million were lying in stores. Similarly, furniture worth Nu.8.850 million were lying idle for more than 1 year. Further, in absence of physical verification report, the actual physical existence of assets could not be ascertained during audit. Moreover, the warranty period of the furniture had expired even before they were put to use. *AIN: 14798; Para: B10; Accountabilities: Direct: A.S Chaudhary, CE (Contract), WPN: 191907011600921; A.K Singh, EIC/SE, WPN: 1987165; D.S Thakur, EIC/SE, WPN: 1825135; Supervisory: R.N Khazanachi, MD, WPN:1919070021000356; Dasho Phuntso Norbu, Ex. JMD, CID No. 11510004119; V.K Choubey, Ex. D(F), WPN: 1739588; Y.K Sharma, D(T), WPN: 1928149*

Status: Para remained unresolved.

2. Shortfalls, lapses and deficiencies - Nu.17.527 million

There were cases of shortfalls, lapses and deficiencies involving Nu.17.527 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
2.1	Non-implementation of Environment Conservation Project activities	-		
2.2	Inadmissible financial benefits on promotion	4.386		
2.3	Unjustified payment of 50% special pay for processing medical bills/claims	0.531		
2.4	Avoidable expenditure on account of Excess Manpower Deployment	12.610		
	Total	17.527		

The cases of shortfalls, lapses and deficiencies are as indicated below:

2.1. NON-IMPLEMENTATION OF ENVIRONMENT CONSERVATION PROJECT ACTIVITIES

PHPA-I had not implemented various activities related to environment conservation raised in the Joint Performance Audit.

- In case of conservation of White Bellied Heron [WBH], the implementing agency had till date conducted research on the bird only and purchased equipment worth Nu.0.633 million to conduct WBH census. Other two activities namely Artificial rearing of the bird and Artificial feeding and grounds/ponds along the Pho-chhu River had not been started as on date of audit (May 2017), except that a proposal to construct conservation center at Changchey was approved in 2016; and
- For the afforestation of affected areas, plantations in 565.29 acres costing Nu.22.480 million and 9.8 km roadside costing Nu.0.260 million was carried out in 2015-16 and 2016-17. Besides, the survival rate of 30-40% at some locations was not satisfactory and the overall plantation was not properly planned and implemented.

AIN: 14798; Para: A6; Accountabilities: Direct: Gongsar Karma Chopel, Chief Environment Officer, CID No. 11509001913; Supervisory: Dasho Phuntso Norbu, Ex-JMD, CID No. 10710001921

Status: Para remained unresolved.

2.2. INADMISSIBLE FINANCIAL BENEFITS ON PROMOTION - NU.4.386 MILLION

PHPA-I had made inadmissible payment amounting to Nu.4.386 million on promotion of 10 officials on deputation. The officials were granted financial benefits in contravention to the stipulation⁹ of Ministry of External Affairs, India. Moreover, five officials on deemed deputation were reappointed without advertising its vacancy and conducting interviews as per the standard prevailing practices of Human Resource Management rules and regulations.

Further, the officials were paid daily allowance of \$60.00/day for official tour in Bhutan as prescribed by MEA, India. In addition to this, the same officials while on tour to India were paid DSA at rates prescribed by RGoB instead of Indian DSA rates. Unclear DSA rules had resulted in rendering undue benefits to them when compared to RGoB and contract counterparts. *AIN: 14798; Para: A7.1; Accountabilities: Direct: Uttam Chand Thakur, EE, WPN: 191907011624264; Sunil Kumar Thakur, EE, WPN: 191907011624265; H.S Ramasheshaiah, SE, WPN: 191907011624262; Debdas Ganguly, CFO, WPN: 191907279570908; Vinay Kumar Manan, SE, WPN: 191907011680191; Sunil Kumar, EE, WPN: 191907011624263; J.S Bajwa, CE, WPN: 191907011552844; Y.K Dhir, CE, WPN: 19190711611107; Arun Goyal, CE, WPN: 191907013588110; Dr. S.N Sharma, RO, WPN: 191903284369308; Supervisory: R.N Khazanchi, MD, WPN: 1919070021000356; Dasho*

⁹"If the officer becomes due for promotion in his parent Department, while still on deputation, he will not be entitled to the financial benefits of the same during the deputation. It will be for his parent Department to consider the question of protecting his seniority and of fixing his pay at the appropriate stage from the date of his re-joining his parent Department, on the expiry of his deputation". - Ministry of External Affairs, India letter no. E.IV/551/9/2001 dated 21/11/2001.

Phuntso Norbu, Ex. JMD, CID No. 11510004119; V.K Choubey, Ex. D(F), WPN: 1739588, Y.K Sharma, D(T), WPN: 1928149

Status: Para remained unresolved.

2.3. UNJUSTIFIED PAYMENT OF 50% SPECIAL PAY AMOUNTING TO NU.0.531 MILLION FOR PROCESSING MEDICAL BILLS/CLAIMS

In addition to various allowances, seven officials of PHPA-I were paid special pay - 50% of the basic pay - aggregating to Nu.0.531 million from inception till date on a rotational basis. The special pay was allowed based on a rationale that the medical bills which the officials verify need critical scrutiny. The payment of such additional allowances was made without the approval from the Authority despite pointing it out in earlier audits. *AIN: 14798; Para: A8; Accountabilities: Direct: Sada Sivan Pillai, SO, WPN: 1762330; P.N Bhagat, SO, WPN: 191907193560024; Namgay Tshering, Sr. Accountant, CID No.11007001223; Apurba Saha, SO, WPN: 1919071611000378; Tenzin, Account Clerk, CID No. 12001002297; U.C Chauhan, SO, WPN: 191907193560020; S.N Dhar, SO, WPN: 191907200560052; Supervisory: V.K Choubey, Ex. D(F), WPN: 1739588*

Status: Para remained unresolved.

2.4. AVOIDABLE EXPENDITURE OF NU.12.610 MILLION ON ACCOUNT OF EXCESS MANPOWER DEPLOYMENT

PHPA-I had made avoidable expenditure of Nu.12.610 million to WAPCOS on account of excess manpower deployment as shown below:

Quarter ending 30 th June, 2016	Manpower Deployment (Man months)		Man months claim (Nu. in million)		Excess payment over and above approved plan	
	Approved	Claimed	Payable as per approved plan	Actually paid	Man month	Nu. in million
WAPCOS HO	26.00	77.50	2.619	9.526	51.50	6.907
Elect. Div.	20.25	52.50	2.302	5.904	32.25	3.602
Total (A)	46.25	130.00	4.921	1.543	83.75	10.508
Add 20% WAPCOS charges claimed (B)						2.102
Total excess payment for the quarter ending 30th June, 2016 (A+B)						12.610

AIN: 14798; Para: B9; Accountabilities: Direct: A.S Chaudhary, CE (Contract), WPN: 191907011600921; A.K Singh, EIC/SE, WPN: 1987165; D.S Thakur, EIC/SE, WPN: 1825135; Supervisory: A.S Chaudhary, CE (Contract), WPN: 191907011600921

Status: Para remained unresolved.

1.4.3. MANGDECHHU HYDROELECTRIC PROJECT AUTHORITY

Out of the total unresolved irregularities of Nu.81.811 million reported to the Parliament in June 2018, Mangdechhu Hydroelectric Project Authority had resolved irregularities of Nu.23.141 leaving a balance of Nu.58.670 as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in June 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Violation of laws and rules	23.141	23.141	-	100
2	Shortfalls, lapses and deficiencies	58.670	-	58.670	-
	Total	81.811	23.141	58.670	

The detailed status of irregularities reported to the Parliament in June 2018; irregularities resolved thereafter and unresolved as on 30/09/2018 are as discussed below:

1. Violations of laws and rules

There were cases of violations of laws and rules involving Nu.23.141 million as indicated below:

1.1. NON-RECOVERY OF NU.23.141 MILLION FROM C-2 PACKAGE & NON-DEDUCTION OF SPECIAL ADVANCE

Mangdechhu Hydroelectric Project Authority (MHPA) had not recovered excess payment of Nu.23.141 million made to M/s GIL due to non-exclusion of interest free advance from escalation payment which was raised in previous audit. The total recoverable amount was found adjusted by Nu.37.634 million leaving the balance of Nu.23.141 million due. *AIN: 14823; Para: A2.3; Accountabilities: Direct: R.D.P Kapri, CE, WPN: 171703011407098; Supervisory: Raj Kumar Chaudhary, D(T), WPN: 171703277521100*

Status: Para was resolved based on Part-III of follow-up Audit Report ref No. RAA/AR(05)/RTICD- MHEP/2018/2567 dtd. 05.09.18.

2. Shortfalls, lapses and deficiencies - Nu.58.670 million

There were cases of shortfalls, lapses and deficiencies involving Nu.58.670 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in June 2018 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30/09/2018 (Nu. in million)
2.1.	Payment of Service Tax to NHPC for consultancy services	58.670		

	Total	58.670		
--	--------------	---------------	--	--

The case of shortfalls, lapses and deficiencies are as indicated below:

2.1. PAYMENT OF SERVICE TAX TO NHPC FOR CONSULTANCY SERVICES – NU.58.670 MILLION

MHPA entered into an agreement with M/s NHPC Ltd. for consultancy services to the project for which service tax amounting to Nu.58.670 million was paid up to 31/12/2012. From 01/07/2012, no service tax was payable¹⁰ by MHPA on the services rendered by NHPC. Hence, the service tax of Nu.24.070 million paid to NHPC after June 2012 was recoverable. *AIN: 14823; Para: B9; Accountabilities: Direct: Raj Kumar Chaudhary, D(T), WPN: 171703277521100; Praveen Nandwana, D(F), WPN: 17170327756671; Supervisory: A.K Mishra, MD, WPN: 1717030021031673*

Status: *Para remained unresolved.*

¹⁰In terms of Office Memorandum (OM) dated 26 August 2013 issued by Department of Revenue, Ministry of Finance, GoI.