

PART-I: SUMMARY OF THE REVIEW REPORT OF AAR 2016

The Royal Audit Authority had submitted the review report of Annual Audit Report 2016 to the 11th Session of the Second Parliament in April 2018. The Review Report had total significant unresolved irregularities of Nu.708.155 million consisting of Nu.179.454 million against budgetary agencies; Nu.88.611 million against Non-Budgetary Agencies and Nu.440.090 millions against Hydro Power Projects as on 31/03/2018.

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. 18.585 million (10.36%)for Budgetary Agencies, Nu.0.253 million (0.29%) for Non-budgetary Agencies and Nu. 29.250 million(6.65%) for Hydro Power Projects were resolved as on 30/09/2018 as shown in Table below.

TABLE showing agency wise irregularities resolved and balances as on 30/09/2018

Sl. No.	Agencies	Unresolved irregularities last reported (as on 31/03/2018) (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	72.605	8.544	64.061	11.77
2	Dzongkhags	38.290	0.992	37.298	2.59
3	Gewogs	8.062	0.561	7.501	6.96
4	Autonomous	60.497	8.488	52.009	14.03
Total Budgetary Agencies-A (1to4)		179.454	18.585	160.869	10.36
5	Corporations	55.335	0.253	55.082	0.46
6	Financial Institutions	20.412	-	20.412	0.000
7	Non Governmental Organizations	12.864	-	12.864	0.000
Total Non-Budgetary Agencies-B (5to7)		88.611	0.253	88.358	0.29
8	Hydropower	440.090	29.250	410.840	6.65
Total Hydropower Projects-C (8)		440.090	29.250	410.840	6.65
Grand Total (A+B+C)		708.155	48.088	660.067	6.79

As transpired from table above, out of the total unresolved irregularities of Nu.708.155 million remaining unresolved as on 31/03/2018, irregularities amounting of Nu.48.088 million (6.79%)were resolved leaving a balance of Nu.660.067(93.21%)million as on 30/09/2018.

DETAILED AUDIT FINDINGS

4.1 MINISTRIES

4.1.1. Ministry of Works & Human Settlement

Out of the total unresolved significant irregularities of Nu.44.811 million reported to the Parliament in April 2018, the Ministry of Works & Human Settlement had resolved irregularities amounting to Nu.8.458 million leaving a balance of Nu.36.353 million as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Mismanagement	3.738	3.738	-	100
2	Violation of Laws & Rules	0.192	0.192	-	100
3	Shortfalls, lapses and deficiencies	40.881	4.528	36.353	11
Total		44.811	8.458	36.353	

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

1. Mismanagement - Nu. 3.738 million

1.2 Infertuous expenditure on Termination of Contract Packages B & C for Construction, Operation & Maintenance of Dalbari-Dagapela Secondary National Highway

The MoWHS had awarded the construction works for Operation & Maintenance of 80.58 km Dalbari-Dagapela Secondary National Highway under the Netherlands funded ORIO Project "Poverty Alleviation through road Development in Southern Bhutan" implemented by the Department of Roads in three packages as under:

Sl. No.	Name of Section of Work	Name of Bidder	Bid Price (BTN)	Remarks
1	Section A: Dalbari-Odalhang	M/s Kalika (Nepal) - Yangkhil (Bhutan) JV	355,456,712.09	Bid price inclusive of PS
2	Section B: Odalhang-Gesarling	M/s Tundi Construction (Nepal)	378,483,277.07	Bid price inclusive of PS
3	Section C: Gesarling-Dagapela	M/s SPML (India) - Gaseb (Bhutan) JV	358,222,414.50	Bid price inclusive of PS

Following the publication of the winning bidders, two aggrieved bidders had sought clarifications for Packages B & C. The Ministry without resolving the issues with the contractors as well as taking cognizance of the concerns raised by the Ministry of Finance, the Hon'ble Prime Minister and the intervention of the oversight body ACC had gone ahead with the signing of contract agreement on 12th September 2014. The work order was issued to the winning bidders on 22nd September 2014, site was handed over on 11th October 2014 and the Project Kick off Meeting held on 17th & 18th October 2014.

Subsequently the contract packages B & C were terminated upon the directive of the Government. The contractors had been paid Nu. 74.728 million towards mobilisation advance and value of work done at the time of termination. The contractors claimed for compensation of Nu. 431.693 million of which Nu. 21.713 million was approved by the government as recommended by the Multi-Sectoral Committee. The final settlement of compensation claim is yet to be intimated to RAA. *(AIN: 13816; Para: 1; Accountabilities: Ministry failed to provide the signed accountability statement on the ground that various stakeholders were involved and cannot squarely hold individuals accountable for the lapses)*

Status: *Para remained unresolved. As per the letter No.MoWHS/DS/Audit/2918-2019/535 dated 20/08/2018 and the verdict No.Nyentho(hung-18-15) dated 25/07/2018 passed by the Supreme Court the contractor is eligible for the total payment of Nu.102,398,940.25 and he is liable to refund a sum of Nu.80,908,714.75 to MOWHS in two equal installments within a period of six months from the date of award of the judgement. The first installment is due on 24/10/2018 and second installment on 24/01/2019.*

1.3 Payments to Project Management and Supervision Consultancy resulting into wasteful expenditure

The MoWHS had incurred wasteful expenditure of Nu.3.738 million in the Netherlands funded ORIO Project “Poverty Alleviation through road Development in Southern Bhutan” by continuing to pay remunerations for two Supervising Engineers and two Junior Engineers to the Project Management and Supervision Consultancy (PMSC), M/s Chaitanya Projects Consultancy Pvt. Ltd. and M/s Himalaya Engineering & Management Consultancy. The remunerations were paid till August 2015, although the contract for construction works for two packages B & C had been terminated on 28th January 2015.

The Ministry responded that the services of the two Supervising Engineers and two Junior Engineers of the PMSC were retained to assist the client to complete the post termination formalities and procedures. *(AIN: 13816; Para: 3; Accountabilities: Ministry failed to provide the signed accountability statement on the ground that various stakeholders were involved and cannot squarely hold individuals accountable for the lapses)*

Status: *Para was resolved based on the bilateral meeting held on 06/02/2018 between MoWHS and the RAA and documents submitted by the MoWHS vide letter No.WHS/DS/Audit/2018-2019/535 dated 20/08/2018.*

2. Violations of laws and rules

2.5 Indication of risk in online tendering for procurement of Bitumen Emulsion

The Regional Office, DoR, Phuentsholing had invited online tenders for procurement of Bitumen Emulsion worth Nu. 175.953 million. The following lapses were observed in the online tendering process:

- ✓ The manufacturers’ pricelist and catalogue were not obtained;
- ✓ Only a few committee members were involved in the online enquires on the offers from the various bidders, which impeded transparency;
- ✓ The rate quoted by firms were found obtained through BoQ prepared by RO, DoR, P/ling and not supported and authenticated by original Performa Invoice of the bidding firms; and

- ✓ The suppliers/bidders were identified based on the verbal information and past records and not through media advertisements, which is not appropriate for such huge procurement.

The above facts indicated the risk of not receiving valid and competitive offers. Considering the huge amount of procurement, the limited bidding process followed was not appropriate which undermined the procurement system. (AIN: 14081; Para 1; Accountabilities: Direct: Em Nath Chettri, Executive Engineer, EID No.8401039; Supervisory: Dorji Wangdi, Chief Engineer, EID No.8601100)

Status: Para remained unresolved.

2.6 Settlement of final bill without execution of work

The Regional Office, DoR, Trashigang had booked Nu. 0.192 million as final expense on account of up-gradation of transformer and LV extension for the Sub-Division Office at Rangjung without execution of works. The booking of expenditure without executing the work was not appropriate and in violation of the Financial Rules and Regulations. (AIN: 13752; Para 3; Accountabilities: Direct: Ugen Dorji, AE, EID No. 9207049, Tshering Deki, JE, EID No. 20140704525; Supervisory: Karma Wangdi, Chief Engineer, EID No.200507201)

Status: Parawas resolved based on the letter No.DOR/Ro-Tg/2016-17/A-14/867 dated 16/02/2017 as the works were completed.

3. Shortfalls, lapses and deficiencies - Nu.36.353million

3.1 Non-realization of compensation cost and other receivables from the contractor upon termination of contract

The Regional Office, DoR, Trashigang had not realized the compensation cost and other receivables of Nu. 4.307 million from the contractor for the blacktopping of 20.5 km Riju-Bartsham Gewog Centre Road upon termination of contract. The case is subjudice. (AIN: 13752; Para 1.1; Accountabilities: Direct: Ugen Dorji, AE, EID No. 9207049, Tenzin Dema, JE, EID No. 20120100015; Supervisory: Karma Wangdi, Chief Engineer, EID No. 200507201)

Status: Parawas resolved as the the amount of Nu. 4,278,639.27 was deposited vide receipt No. 035 dated 19/3/2018 as per the court verdict No. Thinchey ang(cheytho-17-108 dated 29/5/2017 of High Court, Thimphu.

3.2 Non-application of 24% penalty on the unused mobilization advance

The Regional Office, DoR, Trashigang had not applied 24% penalty on the unused mobilization advance of Nu. 0.221 million on the contractor in accordance with the Ministry of Finance's circular No. MoF/R-Circular/2012-13/2647 dated 01.02.2013. The contract was terminated for breach of contract terms & conditions, and the case is subjudice.(AIN: 13752; Para 1.2; Accountabilities: Direct: Ugen Dorji, AE, EID No. 9207049, Tenzin Dema, JE, EID No. 20120100015; Supervisory: Karma Wangdi, Chief Engineer, EID No. 200507201)

Status: Para was resolved as the amount of Nu. 4,278,639.27 was deposited vide receipt No. 035 dated 19/3/2018 as per the court verdict No. Thinchey ang(cheytho-17-108 dated 29/5/2017 of High Court, Thimphu.

3.3 Outstanding Advances - Nu.36.353 million

- a) The Regional Office, DoR, Lingmethang had overdue outstanding PW advances of Nu.0.087 million against a party. (AIN: 13712; Para 1; Accountabilities: Direct: Chenga Dorji, Junior Engineer, EID No.201101247; Supervisory: Thinley Tenzin, Project Engineer, EID No.9207046)

Status: Para remained unresolved.

- b) The Regional Office, DoR, Zhemgang had overdue outstanding PW advances of Nu.89.621 million against the parties. (AIN: 14179; Para 6; Accountabilities: Direct: Tenzin Wangchuk, Accountant II, EID No. 9404031; Supervisory: Karma Dorji, Chief Engineer, EID No.9107122)

Status: Para remained unresolved.

4.1.2. Ministry of Information & Communications

Out of the total unresolved significant irregularities of Nu.1.766million reported to the Parliament in April 2018, the Ministry of Information & Communications had not resolved any irregularities as on 30/09/2018 as summarized below:s

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	1.766	-	1.766	-
	Total	1.766	-	1.766	-

The detailed status of unresolved irregularities reported to the Parliament in April 2018, which remained unresolved as on 31/03/2018 are as discussed below:

3. Shortfalls, lapses and deficiencies – Nu. 1.766 million

3.3 Incomplete construction of storm water drainage - Nu. 1.488 million

The Department of Air Transport had awarded the contract for construction of storm water drainage at Paro International Airport to M/s Gaana Builders at a contract price of Nu. 3.972 million which was 40.61% below the departmental estimate of Nu. 6.688 million. The contractor was asked to deposit the difference between the estimated amount and the bid price as differential security money, in addition to Performance Security of 10% of the quoted amount. The contractor had submitted Bank Guarantee of Nu. 3.113 million.

As against 1,800 meters of storm water drainage works, only 552 meters was constructed even after lapses of 5 months from the scheduled date of completion, leaving 1,248 meters unexecuted as on 29th September 2016. On the failure of the contractor to complete the work, the Department terminated the work for the construction of storm water drainage. (AIN: 14249; Para 1.5; Accountabilities: Direct: Jamyang T Dorji, Deputy Executive Engineer EID No. 201101166; Supervisory: Ugyen Dorji, Principal Engineer EID No. 8908106)

Status: Para remained unresolved. The Department reported that the issue is under arbitration as on 31/03/2017.

3.4 Double payment for RRM perimeter fencing wall - Nu. 0.278million

The Department of Air Transport had made double payment of Nu. 0.388 million for RRM perimeter fencing wall on the construction of perimeter fencing and access road to Gelephu Domestic Airport. The double payment had occurred due to repeated measurement of the RRM front wall running 50.75 meters in length with width of 0.85 meters followed by another claim with average width of 1m and the quantity imported from measurement sheet to the abstract cost measured for 391.09 meters³ instead of 328.89 meters³ as per the measurement. (AIN: 14249; Para 1.1; Accountabilities: Direct: Jamyang T Dorji, Deputy Executive Engineer, EID No. 201101166; Supervisory: Ugyen Dorji, Principal Engineer, EID No. 8908106)

Status: Para remained unresolved as the balance amount Nu. 0.278 million was not recovered.

3.6 Irregular booking of expenditure

The Department of Air Transport had awarded work for the construction of two numbers of billboards for Nu. 0.988 million at Paro International Airport to M/s. Rinson Construction Company Pvt. Ltd as an additional work on the strength of the approval by the Officiating Secretary of Ministry of Information and Communications, Thimphu. The supply and installation of the GRC Cornice Profile works for the construction was awarded to M/s. Bhutan GRC, Thimphu for Nu. 0.208 million.

The contract works worth Nu. 1.196 million, although not started was found booked under closed works Account as on 30th June 2016 against the related provisions of the Financial Rules and Regulation 2001. Further, the expenditures were booked under the object code 15.06 Maintenance of Property as 'current expenditures' instead of 'capital expenditure' in violation of the budgetary and financial norms. (AIN: 14249; Para 2; Accountabilities: Direct: Jamyang T Dorji, Deputy Executive Engineer EID No. 201101166; Supervisory: Ugyen Dorji, Principal Engineer EID No. 8908106)

Status: Para remained unresolved.

4.1.3 Ministry of Agriculture and Forests

Out of the total unresolved significant irregularities of Nu.6.952million reported to the Parliament in April 2018, the Ministry of Agriculture and Forestshad resolved irregularities amounting to Nu.0.086 millionleaving a balance of Nu.6.866 million as on 31/03/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in September 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Fraud, Corruption & Embezzlement	0.260	-	0.260	0.00
2	Violation of laws and rules	2.689	-	2.689	0.00
3	Shortfalls, lapses and deficiencies	4.003	0.086	3.917	2.15
	Total	6.952	0.086	6.866	

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

1. Fraud, Corruption & Embezzlement – Nu.0.260 million

1.2 Forged Bank Guarantee in lieu of Performance Security and non-recovery of penalty - Nu.0.260 million

The Assistant Engineer of the Gasa Dzongkhag Administration had forged the Bank Guarantee submitted in lieu of 10% Performance Security for Nu. 0.260 million of M/s T.D. Dendup Construction for the construction of Park Range Office at Neptangkha funded by World Bank Project (HANAS-I). There were no records indicating that Committees such as opening, evaluation and awarding were constituted for execution of works, except for the soft copy of the draft Evaluation Report with the AE. The construction work was supposed to complete by 17th May, 2016 and could not meet the deadline. The forestry Officials working under the Range Office had been deprived of the intended facilities on time for effective delivery of the public services as the construction was not completed in time and had been rendered waste of limited government resources. (AIN: 14209; Para 1.1; Accountabilities: Direct: Karma, AE, Gasa Dzongkhag, EID No. 201001736; Supervisory: Lhendup Tharchen, Park Manager, EID No.200801028)

Status: Para remained unresolved. The case has been forwarded to ACC for investigation.

2. Violation of laws and rules – Nu. 2.689 million

2.2 Wrong booking of expenditure – Nu. 2.689 million

The World Bank funded Project HANAS-II under Jigme Dorji National Park, Damji had wrongly booked and diverted Nu. 2.689 million from the 'Installation of Milk Processing and Dairy Product (52.08)' to capital activities of HANAS-I & current activity of salary (RGoB) in contravention to the financial norms which states "Re-appropriation from Capital to Capital is permitted provided there is approval and budget line obtained from the MoF. Diversion of fund from Capital to Current is not at all permissible as per the financial norms". (AIN: 14208; Para 1.1; Accountabilities: Direct: Tshering Wangchuk, Accountant, EID No. 200207191; Supervisory: Lhendup Tharchen, Park Manager, EID No. 200801028)

Status: Para remained unresolved.

3. Shortfalls, lapses and deficiencies – Nu. 3.442million

3.4 Irregularities in the construction of Eco Lodge at Laya - Nu. 0.022million

The Jigme Dorji National Park, Damji under the support of Laya-Sephu Project, Wildlife Conservation Division (WCD), DoFPA, MoAF had constructed two numbers of Eco Lodge and two toilets which were designed and approved by MoAF at Laya. The works had the following irregularities:

- The payments for Random Rubble Masonry wall in foundation for two partitions were made without deductions for openings provided in the wall with resultant excess payment of Nu. 0.007 million.
- The management had not levied liquidated damages of Nu. 0.026 million as per the terms of contract from the contractor for delay in completion of works.

- The payments were made without deducting 2% TDS, 10% retention money and advances amounting to Nu. 1.115 million due to recording of net amounts payable instead of gross amounts.
- The list of Outstanding Advances generated by the system did not reflect secured advance of Nu. 0.687 million representing 75% of cost of materials brought to site.

(AIN: 14210; Para 1.1; Accountabilities: Direct: Choki, AE, Gasa Dzongkhag, EID No. 200507217, Tshering Wangchuk, Accountant, EID No. 200207191; Supervisory: Lhendup Tharchen, Park Manager, EID No. 200801028)

Status: Para remained unsettled as the balance Nu. 0.022 million reported in April 2018 was not recovered.

3.5 Excess payment - Nu. 0.165million

- a) The Jigme Dorji National Park, Damji had made excess payments of Nu. 0.759 million for the construction of Park Range Office cum residence and retaining wall at Dangojong, Soe. The excess payment had occurred due to disbursement of Nu. 4.579 million in the Running Account Bills against the value of work done of Nu. 3.820 million computed by the Site Engineer. *(AIN: 13431; Para 1a; Accountabilities: Direct: Dorji Tshering, Engineer, EID No. 200608004; Supervisory: Phuntsho Thinley, Former Chief Forestry Officer, EID No. 200301023)*

Status: Para remained unresolved as the balance Nu. 0.005 million reported in April 2018 was not recovered.

- b) The World Bank funded Project (HANAS-II) under Jigme Dorji Wangchuck National Park, Damji had made excess payment of Nu. 0.160 million on design and dimension of flooring joist and providing and fixing of eaves board for roofing for the construction of Laya Park Range Office. The excess payment had occurred due to deviation in quantum of work done by 92% above the bill of quantities and payment without prior approval for deviated quantity from the approving authority and improper measurement by the site engineer and the handing taking team. *(AIN: 14208; Para 1.2; Accountabilities: Direct: Karma, AE Gasa Dzongkhag, EID No. 201001736; Supervisory: Lhendup Tharchen, Park Manager, EID No. 200801028)*

Status: Para remained unresolved.

3.9 Unreconciled funds - Nu. 0.056 million

The Ministry of Agriculture and Forests had unreconciled funds of Nu. 0.223 million on the deposits against the collections from the two wheelers allotment of 2010, 2012 and 2016. The unreconciled amount had occurred due to the concerned individuals not having made the timely deposits in keeping with the agreements and some of the defaulters being expired. *(AIN: 14185; Para 1; Accountabilities: Direct: Pema Lhamo, Accounts Officer, EID No.:200901070, Pema Dendup, Forester, EID No.200807131, Pema Lepcha, Extension Supervisor, EID No.8405046, Yeshi Peldon, Forester, EID No.200507163, Tshering Wangchuk, Extension Supervisor, EID No.200807107, Ugyen Tshering, Sr. Lab Technician, EID No.8805119; Supervisory: Sonam Dorjee, CAO, EID No.9808205)*

Status: Partially settled as the unreconciled amount of Nu.0.046 million was settled from the last balance of Nu.0.102 million based on review of documents leaving a balance of Nu.0.056 million as of Sept. 2018.

3.12 Outstanding Advances - Nu. 3.714 million

- a) The Jigme Dorji National Park, Damji had overdue outstanding advances of Nu. 4.360 million against the officials (Nu. 0.109 million) and parties (Nu. 4.251 million). (AIN: 13431; Para 5; Accountabilities: Direct: Tshering Wangchuk, Accountant, EID No.2002207191, Supervisory: Lhendup Tharchen, CFO, EID No. 200801028)

Status: Para remained unresolved as the balance of Nu. 0.838 million reported in April 2018 was not recovered/adjusted.

- b) The Department of Agriculture had overdue outstanding PW advances of Nu. 0.632 million against a party. (AIN: 13929; Para 1; Accountabilities: Direct: Nima Dorji, Dy. Executive Engineer, EID No.200801074,; Supervisory: Chimi Rinzin, Chief Agriculture Officer, EID No.2001027, Karma Tshethar, Chief Engineer, EID No. 9901079)

Status: Para remained unresolved.

- c) The HANAS-II of Jigme Dorji National Park, Damji had outstanding PW advances of Nu. 2.206 million against parties. (AIN: 14208; Para: 1.2; Accountabilities: Direct: Tshering Wangchuk, Accountant, EID No. 200207191; Supervisory: Lhendup Tharchen, Park Manager, EID No. 200801028)

Status: Para remained unresolved as the balance Nu. 0.060 million reported in April 2018 was not recovered/adjusted.

- d) The HANAS-I of Jigme Dorji National Park, Damji had outstanding PW advances of Nu. 1.066 million against the parties. (AIN: 14209; Para 2.1; Accountabilities: Direct: Tshering Wangchuk, Accountant, EID No. 200207191; Supervisory: Lhendup Tharchen, Park Manager, EID No. 200801028)

Status: Para remained unresolved.

- e) The Jigme Dorji National Park, Damji had outstanding advances of Nu. 2.553 million against the officials (Nu. 0.096 million) and parties (Nu. 2.457 million). (AIN: 14210; Para 3.1; Accountabilities: Direct: Tshering Wangchuk, Accountant, EID No. 200207191; Supervisory: Lhendup Tharchen, Park Manager, EID No. 200801028)

Status: Para remained unresolved as balance Nu. 0.578 million reported in April 2018 was not recovered/adjusted.

4.1.4. Ministry of Labour & Human Resources

Out of the total unresolved significant irregularities of Nu.7.548 million reported to the Parliament in April 2018, the Ministry did not resolve any irregularities during the reporting period as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Mismanagement	7.548	-	7.548	-
2	Violations of laws and rules	-	-	-	-
	Total	7.548	-	7.548	0.00

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

1. Mismanagement - Nu. 7.548 million

1.1 Illegal collection of fees and non-refunds- Nu. 7.548 million

The MoLHR had received many applications from the candidates seeking support from the Ministry to get refunds of the amounts deposited with the agent during the period of the agent's suspension of ten months for breaching provisions of the overseas employment regulations. The review of the related documents revealed that M/s Tenzu Overseas Employment Agent had illegally sent 39 candidates without prior approval from the Ministry and had illegally collected Nu. 7.548 million from candidates for visa processing, air tickets, security deposits, transportation charges, hotel and service charges, etc.

The case was reported to the MoLHR and accordingly the Ministry filed criminal complaint against the proprietor of M/s Tenzu Overseas Employment Agent to the Royal Bhutan Police, Thimphu for committing the fraud and deceptive practices. The Ministry could not initiate court proceeding against the proprietor as his whereabouts is reported as not known. *(AIN: 13694; Para 2a(3); Accountabilities: Direct: Tshewang Rinchen, Program Officer, EID No.201001013; Supervisory: Kinley Dorji, Chief Employment Officer EID No.9507333)*

Status: *Para remained unresolved. The Ministry submitted the case to 23rd Finance and Audit Committee held on 14th April 2018 wherein it was decided not to resolve the matter as the case is subjudice in Royal Court of Justice, Paro.*

2. Violations of laws and rules

2.1 Irregularities in the operation and functioning of the Bhutanese Overseas Employment Agents

The MoLHR had received verbal complaint against the agent for illegal deployment of the candidates in various countries, collection of fees and making advertisement of job vacancies in the social network without prior permission of the Ministry. Based on the complaints received, the Department of Employment had conducted Special Inspection of the agent's related documents and submitted special inspection report on the following violation of the provisions of the Regulation on Bhutanese Overseas Employment Agent 2013:

- List of candidates was illegally sent to Korea without any approval from the Administration.
- Illegal collection of money from the candidates amounting to not less than Nu.18 lakhs.
- In the list of candidates sent to Malaysia, one additional candidate Chenzom Dorji was sent without approval of the Ministry.

From the inspection report, it was noted that the agent had violated clauses 11.2.1, 11.2.5, 11.2.12, 11.2.15 and 11.2.16 of the "Regulation on Bhutanese Overseas Employment Agent,

2013". The penalty for violation of each clause was suspension of license for two months to six months for 1st offence committed.

The Ministry had initiated action against the Agent by issuing suspension of license for 10 months for breaching provisions of the overseas employment regulations. The above irregularities had occurred due to non-enforcement of the provisions of the Regulation on Bhutanese Overseas Employment Agent, 2013. The agent could not be arrested although arrest warrant had been issued by the Royal Court of Justice, Paro as his whereabouts is reported as unknown. (AIN: 13694; Para 2a(1); Accountabilities: Direct: Tshewang Rinchen, Program Officer, EID No. 201001013; Supervisory: Kinley Dorji, Chief Employment Officer, EID No. 9507333)

Status: Para remained unresolved. The Ministry submitted the case to 23rd Finance and Audit Committee held on 14th April 2018. It was decided that the MoLHR should cross check with the Royal Court of Justice, Paro whether the above mentioned para is being included in the chargesheet and report to the RAA.

2.2 Non-payment of salaries and other packs as per the terms and conditions

The MoLHR had received complaint against the business associate of M/s Tenzu Overseas Employment Agent in Malaysia for not adhering to the salary and other terms and conditions notified in the job vacancy announcement dully approved by the Ministry.

The Ministry based on the complaint received had written to the Agent instructing the agent and the counterpart in Malaysia to solve the issues at the earliest possible and report to the Ministry.

Further, the Ministry had written to the Superintendent of Police, Royal Bhutan Police, Thimphu informing that the MoLHR received written complaint against M/s Tenzu Overseas Employment Agent from the candidates, who were sent to various countries for employment. The official from Department of Employment, MoLHR, after investigation on the complaint found out that M/s Tenzu Overseas Employment Agent has committed Fraud and Deceptive practice which are graded as criminal offence as per the Bhutan Penal Code, 2004. The Ministry could not initiate court proceeding against the proprietor as his whereabouts is reported as unknown. (AIN: 13694; Para 2a(2); Accountabilities: Direct: Tshewang Rinchen, Program Officer, EID No. 201001013; Supervisory: Kinley Dorji, Chief Employment Officer, EID No. 9507333)

Status: Para remained unresolved. The Ministry submitted the case to 23rd Finance and Audit Committee held on 14th April 2018 wherein it was decided that the MoLHR should produce documentary evidences from the Royal Court of Justice, Paro upon proper cross verification with the registered case.

4.1.5. Ministry of Finance

Out of the total unresolved significant irregularities of Nu.4.202million reported to the Parliament in April 2018, the Ministry of Finance had resolved one irregularity without monetary value during the reporting period as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Mismanagement	4.115	-	4.115	0.00
2	Shortfalls, lapses and deficiencies	0.087	-	0.087	0.00
	Total	4.202	-	4.202	-

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

1. Mismanagement - Nu. 4.115 million

1.1 Short levy of sales tax and green tax – Nu. 4.115million

The Regional Revenue and Customs Office, Phuentsholing had short levied sales tax and green tax of Nu. 8.700 million during the year 2015 from the imported vehicles. The less selling price of vehicles reflected in the bills of the dealer as compared with Excise Invoice of the manufacturer/dealer had led to less amount declared by the importer resulting in short collection of BST and Green tax. Subsequently, Nu. 4.585 million was recovered/adjusted leaving a balance of Nu. 4.115 million. The case is subjudice. *(AIN: 13606; Para 1; Accountabilities: Direct: Kesang Yeshay, Asstt. Collector, EID No.200801145; Supervisory: Dhendup, Joint Collector, Customs, EID No. 200601043).*

Status: Para remained unresolved. The case has been forwarded to Thimphu Dzongkhag Court on 25/01/2017 and is subjudice.

3. Shortfalls, lapses and deficiencies 0.087 million

3.1 Acceptance of defective estimates and execution of work without providing the expansion joints as specified in drawing

The Regional Revenue and Customs Office, Gelephu had accepted defective works in the construction of RRCO building by M/s Taju Construction, Paro at a tendered amount of Nu. 135.434 million. The item 'Rubber expansion joints' as specified in drawing was not incorporated in the estimate/BoQ and also not provided at site during the execution. This clearly indicated the lack of professional and technical competency of the consultants hired at huge cost, and the site supervisor's failure to bring such inadequacies in the BoQ to the notice of the Department at the time of execution of the work so as to incorporate remedial measures. *(AIN: 13906; Para 1.1; Accountabilities: Direct: Wangchuk Namgay, Site Engineer, CID No.:10709002514, Kezang, Sr. Adm. Assistant/PM, EID No.2107120; Supervisory: Ugyen Norbu, Regional Director, EID No.9711003)*

Status: Para remained unresolved.

3.2 Excess payment of Nu.0.530 million

The Regional Revenue and Customs Office, Gelephu had made excess payment of Nu.0.530 million to the contractor for the construction of RRCO building. The excess payment had occurred due to higher payment made in PCC and RRM wall for footing pads and at base of wall laid under the plinth beam not conforming to the dimension specified in the drawing and deviating the quantum of work from the scope of work. *(AIN: 13906; Para 1.3; Accountabilities: Direct: Wangchuk Namgay, Site Engineer, CID No.:10709002514, Kezang, Sr. Adm. Assistant/PM, EID No.2107120; Supervisory: Ugyen Norbu, Regional Director, EID No.9711003)*

Status: Para resolved as the principal amount was liquidated and the accrued 24% penalty was settled based on justification provided vide letter No.RRCO/GP/RAAS_RAA(09)/923 dated 05.10.2016.

3.4 Outstanding advances - Nu. 0.0.087million

- a) The Liaison and Transit Office, Royal Bhutan Customs, Kolkata had overdue outstanding advances of Nu. 0.087 Million against the officials. *(AIN: 13781; Para: 2.3; Accountabilities: Direct: Mon Bahadur Ghalay, Sr. Accountant, EID No. 8412022; Supervisory: Ugyen Namgyel, Commissioner, EID No. 9101155)*

Status: Para remained unresolved.

4.1.6. Ministry of Education

Out of the total unresolved significant irregularities of Nu.6.665million reported to the Parliament in April 2018, the Ministry of Education had not resolved any irregularities as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Fraud, Corruption & Embezzlement	6.665	-	6.665	-
	Total	6.665	-	6.665	-

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

1. Fraud, Corruption & Embezzlement - Nu. 6.665 million

1.1 Serious misrepresentation of facts - Nu. 6.665 million

The MoE's International Assisted Project funded the construction of Retaining wall (130 m long & 6m height) along the school football field of the Minjey Middle Secondary School, Lhuentsevaluing Nu.6.665 million awarded to M/s T.K Construction. The work was insured with Bhutan Insurance Limited in line with the contract terms.

The work was completed on 25th September 2014 and taken over on 3rd December 2014 by Committee comprising of the officials from the Dzongkhag Administration, Gewog Administration & SPBD. The review of records in relation to the contract documents and payments vis-a-vis joint physical verification of the work at site revealed that there was only some remains of one end of the wall at the site. On inquiry, the school principal had informed that the said retaining wall was washed away by the slide while the work was in progress and the contractor had never reconstructed the wall thereafter.

The management accepted that the wall was damaged and justified that the Project Management had disposed off the issue on the ground that the construction of retaining wall was not felt necessary on reorientation of the layout of the football ground instead of taking appropriate steps to make good the huge investment of Nu.6.665 million through either reconstruction of the walls or insurance claims as the works were already insured by the contractor in terms of item of work of the BOQs. The inaction on the part of the Project Management indicated possible existence of collusion with the contractor. It is apparent that the payments had been made in entirety although the works were in progress giving doubt on the accuracy of claims and payments.

Subsequently, in their second response, the SPBD has contradicted the initial response by indicating that the wall was intact, but covered under the soil due to re-orientation of the football ground and backfilling. (AIN: 14079; Para 1; Accountabilities: Direct: Phuntsho Tobgay, Engineer, EID No.200407005; Supervisory: Diwakar Lama, Project Engineer, EID No.8808002)

Status: Para remained unresolved. The Case was forwarded to ACC vide letter No. RAA/AG-SP/16/2017-18/232 dated 01/11/2017 after the joint site visit by the officials of RAA and the Ministry of Education. As per the letter No.ACC/DoI-III/Case-04/2018/1058 dated 27/08/2018, investigation was concluded and the case has been forwarded to Office of the Attorney General.

4.1.7. Ministry of Foreign Affairs

Out of the total unresolved significant irregularities of Nu.0.661million reported to the Parliament in April 2018, the Ministry of Foreign Affairs had not resolved any irregularities as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Violation of laws and rules	0.586	-	0.586	
2	Shortfalls, lapses and deficiencies	0.075	-	0.075	
	Total	0.661	-	0.661	0.00

The detailed status of unresolved irregularities reported to the Parliament in September 2017, irregularities resolved thereafter and irregularities remaining unresolved as on 31/03/2018 are as discussed below:

2. Violation of Laws & Rules – Nu. 0.586 million

2.1 Booking of prior year advances without budget line - Nu. 0.586 million

The Royal Bhutanese Consulate, Kolkata had not rectified prior period errors in the system for expenditure amounting to Nu.0.586 million on account of Deposit Work of constructing boundary wall in Rajgir during the financial year 2012-13. (AIN: 13704; Para: 3; Accountabilities: Direct: Nim Dorji, Consul (Finance), EID No. 7905009; Supervisory: Nim Dorji, Consul (Finance), EID No. 7905009)

Status: Para remained unresolved. Reminders were sent vide letter No.RAA/FUCD(D7) RBC-Kolkata/2017/2403 dated 3/08/2017 and vide letter no. RAA/FUCD(D7) RBC-Kolkata/2018/2613 dated 07/09/2018.

3. Shortfalls, lapses and deficiencies – Nu. 0.075million

3.2 Outstanding advances - Nu.0.075 million

The Royal Bhutanese Embassy, Bangkok had overdue outstanding balance of Nu. 0.075 million on account of personal advance to employee. (AIN: 14103; Para: 1; Accountabilities: Direct: Thinley Norbu, HoC, EID No. 20021105; Supervisory: Thinley Norbu, HoC, EID No. 200211057)

Status: Para remained unresolved. Reminders were sent vide letter No. RAA/FUCD(D2) RBE-BKK/2017/2393 dated 30/08/2017 and vide letter no. RAA/FUCD(D2) RBE-BKK/2018/2604 dated 06/09/2018.

4.1.8. Ministry of Economic Affairs

Out of two unresolved significant irregularities reported to the Parliament in April 2018 the Ministry of Economic Affairs could not resolved them as on 30/09/2018 as the cases were forwarded to ACC and investigation not concluded. The details are as summerized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Fraud, Corruption & Embezzlement	-	-	-	-
2	Violation of laws and rules	-	-	-	-
Total		-	-	-	-

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

1. Fraud, Corruption & Embezzlement

1.1 Possible fronting case of license

The Asian Development Bank funded Project “Rural Renewable Energy Development” implemented by Department of Renewable Energy had booked the expenditure for conducting detailed survey of grid electrification of potential off-grid households in the name of M/s Norlha Engineering, but the payment was released in the name of M/s ChhimiD Consulting upon request by Chhimi Dorji, the Authorized Representative and Coordinator of M/s ChhimiD Consulting, Thimphu. The reason stated was that M/s Norlha Engineering and Management Consultant do not have bank account maintained with the BoB.

The payment of cheque in the name of M/s ChhimiD Consulting, Thimphu instead of M/s Norlha Engineering and Management Consulting was a clear indication that the work was executed by the M/s ChhimiD Consulting Firm and M/s Norlha Engineering and Management Consultant had only submitted the bids. Further, it was also noticed that in the letter of Authorization, Chhimi Dorji, Environment Specialist was appointed as the focal person and coordinator of M/s Norlha Engineering and Management Consultant, whereas the powers of Attorney issued specifically mentioned that Mr. Chhimi Dorji is a Managing Partner of M/s Norlha Engineering and Management Consultant, which is clear indication of possible fronting case.

Further, Mr. Chimmi Dorji had signed the Integrity Pact as a proprietor and the original bidder, Mr. Yeshe Dorji, the proprietor of M/s Norlha Engineering and Management had signed as a witness, which was not appropriate. (AIN: 14118; Para 1.2; Accountabilities: Direct: Galey Dorji, Project Manager, EID No. 20140103273; Supervisory: Satchi, Chief Engineer, EID No.200201108)

Status: Para remained unresolved. As per the letter No.ACC/DoPS-CMD/12/886 dated 19/07/2018, the case is open and ongoing since it had not come to a logical conclusion. However, investigation did not

find any instances of corrupt offences against Mr. Satchi, Chief Engineer and Mr. Galay Dorji, Engineer. As such the accountability against them were relieved.

2. Violation of Laws and Rules

2.1 Submission of wrong information in key professional staff

M/s Norlha Engineering and Management Consultancy had wrongly submitted the information of its key professional staff for the tender evaluation to conduct detailed survey for grid electrification of potential off-grid households under Asian Development Bank funded Project “Rural Renewable Energy Development” implemented by Department of Renewable Energy.

Mr. Chhimi Dorji, proprietor of M/s ChhimiD Consulting Firm was shown as Environment Specialist of M/s Norlha Engineering and Management consultant scoring 10 points in the technical evaluation. Similarly, the Curriculum Vitae of Ms. Gaki, Sociologist of M/s ChhimiD Consulting firm was changed to show her as Sociologist of M/s Norlha Engineering and Management Consultancy firm scoring 8 points in the technical evaluation. The amended CV was signed by Mr. Chhimi Dorji, but did not have the signature of Ms. Gaki. Due to the inclusion of the above professionals in the bidding documents, the firm had been awarded 18 points extra and qualified for the financial bid. *(AIN: 14118; Para 1.1; Accountabilities: Direct: Galey Dorji, Project Manager, EID No. 20140103273; Supervisory: Satchi, Chief Engineer, EID No. 200201108)*

***Status:** Para remained unresolved. As per the letter No.ACC/DoPS-CMD/12/886 dated 19/07/2018 the case is open and ongoing since it had not come to a logical conclusion. However, investigation did not find any instances of corrupt offences against Mr. Satchi, Chief Engineer and Mr. Galay Dorji, Engineer. As such the accountability against them were relieved.*

4.1.9. Ministry of Health

Out of five balance unresolved significant irregularities without any financial quantification reported to the Parliament in April 2018, the Ministry of Health had not resolved any irregularities as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Mismanagement	-	-	-	0
2	Violation of laws and rules	-	-	-	0
3	Shortfalls, lapses and deficiencies	-	-	-	0
Total		-	-	-	-

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

1. Mismanagement

1.1 Non-operational Chiller Machines lying idle for more than 5 years due to non/inappropriate repairs

The MoH had installed four Chiller machines at a cost of Nu. 21.000 million in the construction of the 350-Bedded Jigme Dorji Wangchuck National Referral Hospital. The machines commissioned in August 2010 had stopped working after four months and were found defunct and non-operational. The management had not ensured commissioning of machines on time and adequate testing of chiller machines. The contractor also failed to provide adequate repairs during the defect liability period due to which the chiller kept breaking down and have been found lying idle for more than five years, resulting into wastage of government scarce resources. The President, JDWNRH has stated that the chiller machines were procured and installed as part of the 350-Bedded Hospital Construction Project implemented by the Health Infrastructure Development Division under the Ministry of Health. *(AIN: 13992; Para: 8.1; Accountabilities: Direct: Sonam Tshering, Executive Engineer, CID No. 11607002058; Kencho Zangmo, Asstt. EE, EID No. 9907142; Supervisory: Jamphel Dorji, Dy. EE, EID No. 9101145)*

Status: *Para remained unresolved. The Ministry has written to RAA vide letter No. to make presentation detailed presentation on non-operational Chiller machines and discuss on further course of action.*

2. Violation of laws and rules

2.2 Non-rectification of defective works within the Defect Liability Period and non-enforcement of the provisions of the contract

The MoH had failed to enforce various provisions of the contract agreement with regard to repair, maintenance and rectifications of work within the defect liability period for the four Chiller machines installed at the hospital premise during the construction of the 350-bedded Jigme Dorji Wangchuck National Referral Hospital. The management had not only allowed breach of contract but also made payments for repairs work carried out only after the expiry of the defect liability period. *(AIN: 13992; Para: 8.2; Accountabilities: Direct: Sonam Tshering, Executive Engineer, CID No. 11607002058; Kencho Zangmo, Asstt. EE, EID No. 9907142; Supervisory: Jamphel Dorji, Dy. EE, EID No. 9101145)*

Status: *Para remained unresolved. The Ministry has written to RAA vide letter No. MoH/Sec/IAD/06/2018/1286 dated 13/08/2018 to make detailed presentation on non-operational Chiller machines and discuss on further course of action.*

2.3 Non-delivery of Operating instructions & maintenance manual and On-Site Training

The MoH had failed to ensure that the contractor supplied and delivered the Operating Instructions & Maintenance Manuals and Log Books, as well as to impart On-Site Training for maintenance of machines to the JDWNRH technicians as agreed in the contract agreement with regard to the four Chiller machines installed at the hospital premise in the construction of the 350-bedded Jigme Dorji Wangchuck National Referral Hospital. *(AIN: 13992; Para: 8.3; Accountabilities: Direct: Sonam Tshering, Executive Engineer, CID No. 11607002058 Kencho Zangmo, Asstt. EE, EID No. 9907142; Supervisory: Jamphel Dorji, Dy. EE, EID No. 9101145)*

Status: *Para remained unresolved. The Ministry has written to RAA vide letter No. MoH/Sec/IAD/06/2018/1286 dated 13/08/2018 to make detailed presentation on non-operational Chiller machines and discuss on further course of action.*

2.4 Inadequate property safeguards

The MoH had not accounted for equipment i.e. chillier plants worth Nu.21.000 million in the inventory register during the construction of the 350-bedded Jigme Dorji Wangchuck National Referral Hospital. (AIN: 13992; Para: 8.4; Accountabilities: Direct: Sonam Tshering, Executive Engineer, CID No. 11607002058; Kencho Zangmo, Asstt. EE, EID No. 9907142; Supervisory: Jamphel Dorji, Dy. EE, EID No. 9101145)

Status: Para remained unresolved. The Ministry has written to RAA vide letter No. MoH/Sec/IAD/06/2018/1286 dated 13/08/2018 to make detailed presentation on non-operational Chiller machines and discuss on further course of action.

3. Shortfalls, lapses and deficiencies

3.1 Damages to equipment due to defunct chillers

The MoH in the construction of the 350-bedded Jigme Dorji Wangchuck National Referral Hospital, had installed four chiller plants that were not functioning/working which resulted in non-maintenance of required temperatures for various equipment and in the laboratories. A number of fridges/freezers were also damaged due to increase in room temperature and had affected effective service delivery. (AIN: 13992; Para: 8.5; Accountabilities: Direct: Sonam Tshering, Executive Engineer, CID No. 11607002058; Kencho Zangmo, Asstt. EE, EID No. 9907142; Supervisory: Jamphel Dorji, Dy. EE, EID No. 9101145)

Status: Para remained unresolved. The Ministry has written to RAA vide letter No. MoH/Sec/IAD/06/2018/1286 dated 13/08/2018 to make detailed presentation on non-operational Chiller machines and discuss on further course of action.

4.2. DZONGKHAGS

4.2.1. Dzongkhag Administration, Trashiyangtse

Out of the total unresolved significant irregularities of Nu.20.132 million reported to the Parliament in April 2018, the Dzongkhag Administration, Trashiyangtse had not resolved any irregularities as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Violations of laws and rules	20.132	-	20.132	0
	Total	20.132	-	20.132	0

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

1. Violations of laws and rules - Nu. 20.132 million

1.1 Incomplete work booked under closed work - Nu. 19.111 million

- The Market Access and Growth Intensification Project (MAGIP) under Dzongkhag Administration, Trashiyangtse had booked expenditure of Nu.0.878 million as closed work in the construction of Pump Irrigation Scheme without completing the works. The amount

was deposited into refundable deposit account for future payments in violation of budgetary norms. (AIN: 13392; Para 1.1; Accountabilities: Direct: Nima Tshering, AE, EID No.201001720; Supervisory: Tshering Wangchuk, DE, EID No. 9307023)

Status: Para remained unresolved.

b) The Dzongkhag Administration, Trashiyangtse had booked Nu. 18.233 million as final expenditure for various incomplete constructions and deposited into Refundable Deposit Account for future payments. The lapses had occurred due to booking of final expenditure before completion of the work in violation of budgetary norms. (AIN: 13391; Para 1; Accountabilities: Direct: Nima Tshering, AE, EID No. 201001720, Sonam Wangdi, Dzongrab EID No. 9612007, Ugyen Zangmo, EID No. 200507220; Supervisory: Tshering Wangchuk, DE, EID No.9307023, Sonam Wangdi, Dzongrab EID No.9612007)

Status: Para remained unresolved.

1.2 Non-levy of liquidated damages – Nu.0.524 million

The MAGIP under Dzongkhag Administration, Trashiyangtse had not levied liquidated damages of Nu.0.524 million for delay in completion of Pump Irrigation Scheme beyond time extension granted by the tender committee.(AIN: 13392; Para 1.2; Accountabilities: Direct: Nima Tshering, AE, EID No.201001720; Supervisory: Tshering Wangchuk, DE, EID No.9307023)

Status: Para remained unresolved.

1.3 Non-levy of liquidated damages – Nu.0.497 million

The Dzongkhag Administration, Trashiyangtse had not levied liquidated damages of Nu.0.497 million for delayed completion of contract by 17 days. The Dzongkhag Administration instead granted time extension after the completion of the work in violation to the terms and conditions of the contract. (AIN: 13391; Para 3.2; Accountabilities: Direct: Ugen Zangmo, AE, EID No.200507220; Supervisory: Tshering Wangchuk, DE, EID No. 9307023)

Status: Para remained unresolved.

4.2.2. Dzongkhag Administration, Lhuentse

The Dzongkhag Administration, Lhuentse had one unresolved irregularity without involving monetary amount reported to the Parliament in April 2018, which had remained unresolved as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Violations of laws and rules	-	-	-	
	Total	-	-	-	

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

1. Violations of laws and rules

1.2 Gradient not maintained as required in specification

The Dzongkhag Tender Committee of the Dzongkhag Administration, Lhuentse based on the site report had approved re-alignment of road at Murmur due to high cliff and rock which might entail additional budget. However, during site verification, the gradient of road at two particular places, Murmur and Phatila were found too steep, apparently not within the gradient specified in the Farm Road Specification with narrow width at these points, posing risk to vehicles plying through these stretches. (AIN: 14157; Para: 2.1; Accountabilities: Direct: Sonam, Junior Engineer, EID No. 200901079; Supervisory: Tshering Phuntsho, Gewog Administrative Officer, EID No. 200705034, Jamtsho Dorji, Former Gup, Menbi Gewog, CID No.10605003051, Phurpa Dorji, Kamdar Chiwog, CID No.10605001575, Tshogpa, Karma, Gangzur Gewog, CID No. 10101003536, Karma Sungra Mangmi, Menbi Gewog, CID No. 10605001502, Pema Wangchuk, Assistant Accounts Officer, EID No. 20130101092, Kelzang Lhundrup, Dzongkhag Engineer, EID No. 9707074, Dawa Tshering, District Planning Officer, EID No. 200701166, Tashi Phuntsho, Ex. Cultural Officer, EID No. 20050311, Sonam Wangyel, Dzongdag, EID No. 9308041, Lamdra Wangdi, Sr. Dzongrab, EID No. 9507335)

Status: Para remained unresolved.

4.2.3. Dzongkhag Administration, Pemagatshel

Out of the the three significant irregularities of Nu.7.639 million reported to the Parliament in April 2018, the Dzongkhag Administration, Pemagashel had resolved one irregularity without having monetary value as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	7.639	-	7.639	0.00
	Total	7.639	-	7.639	0.00

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

2. Shortfalls, lapses and deficiencies – Nu. 7.639 million

2.1 Irregularities in Development of Roads for Denchi Township - Nu.7.419 million

The Dzongkhag Administration, Pemagatshel had terminated the work on Development of Roads for Denchi Township due to breach of terms and conditions of the contract by the contractor. The review of contract documents, payment vouchers and conduct of joint physical verification of site revealed that the Dzongkhag Administration, Pemagatshel had retained the payments for actual works done for the adjustment of 20% penalty on unexecuted works, 10% performance security money and other loans from the contractor amounting to Nu.7.419 million. The case is subjudice. (AIN: 13501; Para 2; Accountabilities: Direct: Damcho Zangmo, Site Engineer, EID No.9707078; Supervisory: Yeshe Dorji, DE, EID No.9807057)

Status: Para remained unresolved. As intimated by the Dzongkhag Administration, Pemagatshel vide letter No.PG/IAU-09/2016-17/4967 dated 8/7/2017 the matter is subjudice in the Supreme Court.

2.2 Excess payment - Nu. 0.220 million

- a) The Dzongkhag Administration, Pemagatshel had made excess payment of Nu.0.220 million to contractor for the construction of 2-units classroom at Tsatsi Primary School under Nanong Gewog. The excess payment had occurred due to non-deduction of advances from the preceding running bills. (AIN: 13501; Para 4.1; Accountabilities: Direct: Kinley Wangdi, JE, EID No. 20140103482; Supervisory: Tshewang Jurmey. AE, EID No. 200807184)

Status: Para remained unresolved.

2.3 Non-preparation of part III (Material Consumption Statement)

The Dzong Construction Project, Pemagatshel had not prepared part III (Material Consumption Statement), in absence of which the value of actual work done and the theoretical/actual consumption of labour and materials was not determined. As per the Financial Rules and Regulations, the works executed departmentally should be backed by Part-III and material & labour consumption statement. (AIN: 13506; Para 3; Accountabilities: Direct: Kencho Tsheten, Project Engineer, EID No.20130101289; Supervisory: Lhaten Dorji, Project Manager, EID No.8810010)

Status: Para was resolved based on the justifications provided by the project management vide letter No.TDCP/Accounts/2017-2018/1569 dated 4/7/2018 and review conducted by the subsequent audit team.

4.2.4. Dzongkhag Administration, Chhukha

Out of the total unresolved significant irregularities of Nu.4.191million reported to the Parliament in April 2018, the Dzongkhag Administration, Chhukha had resolved irregularities of Nu.0.331 million as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Violation of laws and rules	2.086	-	2.086	-
2	Shortfalls, lapses and deficiencies	2.105	0.331	1.774	15.72
	Total	4.191	0.331	3.860	

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

1. Violation of laws and rules - Nu. 2.086 million

1.1 Execution of sub-standard works - Nu. 2.086 million

The Dzongkhag Administration, Chhukha had cases of substandard works valuing Nu. 2.146 million executed in the re-surfacing of road from Tshimasham to Tsimalakha, construction of footpath at Tshimalakha, construction of farm road from Kothiline to Pana and construction of BHU-II at Dungna. The execution of substandard works had occurred due to poor workmanship, laxity and failure on the part of site engineer and supervising engineer to exercise necessary checks to ensure quality of work executed by the contractor. (AIN: 14220; Paras 1.2, 2.2, 4.1 and 7(ii); Accountabilities: Direct: Sonam Jamtsho, Dy. EE, EID No: 20101181, Joti Gurung, JE, EID No:

20140103471, Chura Muni Bhattarai, JE, EID No.200807182; Supervisory: Tshering Chopel, Chief DE, EID No. 8808013)

Status: Para remained unresolved as the balance Nu.2.086 million reported in April 2018 had remained unsettled.

2. Shortfalls, lapses and deficiencies – Nu. 1.774million

2.1 Excess payments - Nu. 1.774 million

- a) The Dzongkhag Administration, Chhukha had made excess payment of Nu.1.743 million to the contractor for the construction of Science Lab at Dungna Lower Secondary School. The amount was partially recovered and the case is subjudice. (AIN: 13576; Para 1.1; Accountabilities: Direct: Churamuni Bhattarai, Engineer, EID 200807182; Supervisory: Tshering Chopel, DE, EID No. 8808013)

Status: Para remained unresolved. Principal amount was reduced to Nu.1.248 million from Nu. 1.743 million based on court verdict. A sum of Nu. 0.232 million was deposited leaving a balance of Nu. 1.016 million.

- b) The Dzongkhag Administration, Chhukha had made excess payment of Nu.1.089 million to the contractor in the construction of BHU-II at Dungna. The excess payment had occurred due to failure of the site engineer and the Supervising Officer to ascertain the total quantity of rock requiring chiseling and to verify the claims of contractor. (AIN: 14220; Para 7(i); Accountabilities: Direct: Chura Muni Bhattarai, Engineer, EID 200807182; Supervisory: Tshering Chopel, Chief DE, EID No. 8808013)

Status: Partly resolved. Out of Nu.1.089 million, Nu.0.331 million was deposited vide money receipt No.456421 dated.19/06/2018 leaving a balance of Nu.0.758 including 24% penalty.

4.2.5. Dzongkhag Administration, Dagana

Out of the total unresolved significant irregularities of Nu.3.756million reported to the Parliament in April 2018, the Dzongkhag Administration, Dagana had resolved irregularities amounting to Nu.0.386 million including one observation without involving monetary value leaving unresolved balance of Nu.3.370 million as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (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	3.756	0.386	3.370	10.28
	Total	3.756	0.386	3.370	

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

1. Violation of laws and rules

1.1 Non-declaration of Assets

Three officials and staff under the Dzongkhag Administration, Dagana had not made the Assets Declaration for 2014 in contravention to Chapter II, section 8 of Asset Declaration Rules 2012 of the Anti-Corruption Commission. (AIN: 13724; Para 2.3; Accountabilities: Direct: Dr. Sonam Yangzom, GDMO, EID No. 2014010330; Dr. Tashi Tshering, GDMO, EID No. 201201063, Karma Tshering, Principal-I, EID No. 7602004; Supervisory: Sonam Yangzom, HRO, EID No. 201101023)

Status: Para was resolved vide follow-up Report RAA/OAAG(T)/FUS-01/2017-18/378 dated 04/10/2017.

2. Shortfalls, lapses and deficiencies – Nu. 3.370 million

2.1 Excess payment- Nu. 3.370 million

- a) The Dzongkhag Administration, Dagana had made excess payment of Nu.3.270 million to contractor in the rehabilitation of Badarchu-Peteykha irrigation channel at Tshangkha Gewog implemented under the Remote Rural Community Development Project (RRCDP). The excess payment had occurred due to non-recovery of penalty and advances on termination of the contract and failure of Site engineer to exercise necessary checks to ensure the admissibility of contractor's claims and also due to inadequate supervision and verification by Dzongkhag Engineer as a supervising authority. (AIN: 13724; Para 1.1; Accountabilities: Direct: Mani Kumar Ghishing, JE, EID No. 20140103474; Supervisory: Jamyang Dorji, DE, EID No.9207043)

Status: Para remained unresolved. As per letter No. DDA/DES-29/2017-2018/9025 dated 19/09/2017, the Contractor had appealed to High Court against the court verdict of Dzongkhag Court, Dagana. The final verdict is reported as awaited.

- b) The Dzongkhag Administration, Dagana had made excess payment of Nu.0.386 million to contractor in the construction of Six-Units class room block at Tshangkha Lower Secondary School. The excess payment had occurred due to non-deduction of rebate offered by the contractor and failure of Site engineer to exercise necessary checks to ensure the admissibility of contractor's claims and due to inadequate supervision and verification by Dzongkhag Engineer as a supervising authority. (AIN: 13724; Para 1.3; Accountabilities: Direct: Mani Kumar Ghishing, JE, EID No. 20140103474; Supervisory: Jamyang orji, DE, EID No. 9207043)

Status: Para resolved as the amount was deposited to the RAA alongwith penalty @24% per annum.

- c) The Dzongkhag Administration, Dagana had made excess payment of Nu. 0.193 million to contractor in the construction of Two-Unit Staff Quarters at Nimtola CPS. The excess payment had occurred due to wrong application of Unit of measurement, non-execution of works, and failure of Site engineer to exercise necessary checks to ensure the admissibility of contractor's claims and also due to inadequate supervision and verification by Dzongkhag Engineer as a supervising authority. (AIN: 13724; Para 1.6; Accountabilities: Direct: Kencho Tshering, JE, EID No. 201001730; Supervisory: Jamyang Dorji, DE, EID No. 9207043)

Status: Para remained unresolved as the balance of Nu.0.061 million reported in April 2018 was not recovered.

- d) The Dzongkhag Administration, Dagana had made excess payment of Nu. 0.039 million to supplier for supply of school furniture at Nimtola CPS. The excess payment had occurred due to payments at rates higher than quoted rates and failure of the Accounts personnel and the Dzongkhag Education Officer to ascertain the correctness of the rates claimed. (AIN: 13724; Para 2.1; Accountabilities: Direct: Temba, DEO, EID No.9811057; Supervisory: Temba, DEO, EID No.9811057)

Status: Para remained unresolved.

4.2.6. Dzongkhag Administration, Trashigang

Out of the total unresolved significant irregularities of Nu.0.403 million reported to the Parliament in April 2018, the Dzongkhag Administration, Trashigang had resolved irregularities amounting to Nu.0.275 million leaving a balance of Nu.0.128 million as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Violations of laws and rules	0.275	0.275	-	100
2	Shortfalls, lapses and deficiencies	0.128	-	0.128	-
	Total	0.403	0.275	0.128	

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

1. Violations of laws and rules

1.1 Non-collections of lease rent

The Dzongkhag Administration, Trashigang had not collected lease rents of Nu. 0.575 million as per the lease agreement drawn between the Dzongkhag Administration, Trashigang and Mr. Kuenga, the Proprietor of M/s. Deothjung Hotel, Trashigang. Subsequently, Nu. 0.300 million was recovered leaving a balance of Nu. 0.275 million. (AIN: 13399; Para 4; Accountabilities: Direct: Namgay, Revenue in-charge, EID No. 8912029; Supervisory: Pema Dorji, Sr. Dzongrab, EID No. 9607075)

Status: Para settled as the amount Nu.0.275 million was adjusted against the payable amount of Nu. 317,290.05 to M/s. Deothjung Hotel based on the agreement between the Dzongkhag and Deothjung management.

2. Shortfalls, lapses and deficiencies – Nu.0.128 million

2.3 Payment made without receiving materials - Nu. 0.128 million

The Dzongkhag Administration, Trashigang had made payment of Nu. 0.128 million to suppliers for the procurement of *chadi* items without receiving the materials in violation of financial and budgetary norms. (AIN: 13399; Para: 5.4; Accountabilities: Direct: Tshering Penjor, PO, EID No. 201104030; Supervisory: Pema Dorji, Sr. Dzongrab, EID No. 9607075)

Status: Para remained unresolved. As per the minutes of the meeting held at Trashigang Dzongkhag on 27/03/2018, the matter has been put up to the Ministry of Finance, Thimphu for according write off approval and the outcome is awaited.

4.2.7. Dzongkhag Administration, Monggar

The Dzongkhag Administration, Monggar had significant irregularity of Nu.1.066 million reported to the Parliament in April 2018, which had remained unresolved as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	1.066	-	1.066	0.00
	Total	1.066	-	1.066	

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

2. Shortfalls, lapses and deficiencies – Nu. 1.066 million

2.1 Non-recovery of Insurance from the contractor – Nu.1.066 million

The Dzongkhag Administration, Monggar had not recovered the insurance of Nu.1.066 million from the contractor for the construction of Wangchuk Zam (Bailey Suspension Bridge) under Gongdue Gewog. As against the insurance premium of Nu. 0.147 million paid by the contractor, payments of Nu. 1.200 million was made to the contractor as per BoQ item resulting in undue benefit to the contractor. *(AIN: 13880; Para 5; Accountabilities: Direct: Padam Bdr. Rai, JE, EID No.20120100121; Supervisory: Sonam Tashi, District Engineer, EID No.7907016)*

Status: Para remained unresolved.

4.2.8. Dzongkhag Administration, Haa

The Dzongkhag Administration had unresolved irregularity of Nu.0.746million reported to the Parliament in April 2018, Which had remained unresolved as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	0.746	-	0.746	0.00
	Total	0.746	-	0.746	

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

1. Shortfalls, lapses and deficiencies – Nu. 0.746 million

1.1 Outstanding advances – Nu. 0.746million

The Dzongkhag Administration, Haa had overdue outstanding advances of Nu.0.764 million against the officials (Nu. 0.057 million) and parties (Nu. 0.707 million) for the financial years 2010-2015. (AIN: 13489; Para 2; Accountabilities: Direct: Ugyen Tshering, DzFO, EID No. 2108014, Tashi Gyeltshen, PE, EID No. 200307009, Sonam Wangchuk, DSO, EID No. 200508097; Tash Dorji, JE, EID No. 8511027. Supervisory: Sonam Wangmo, AAO, EID No.201101056, Sonam Wangdi, Dzongdag, EID No.8607100)

Status: Para remained unresolved as the balance Nu.0.746 million reported in April 2018 was not recovered/adjusted.

4.2.9. Dzongkhag Administration, Punakha

The Dzongkhag Administration had unresolved irregularity of Nu.0.168 million reported to the Parliament in April 2018, which had remained unresolved as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	0.168	-	0.168	-
	Total	0.168	-	0.168	

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

1. Shortfalls, lapses and deficiencies- Nu.0.168 million

1.1 Excess payment- Nu.0.168 million

The Dzongkhag Administration, Punakha had made excess payment of Nu. 0.168 million to contractor for the renovation of Nidrupchu Lhaxhang under Chhuboog Gewog. The excess payment had occurred due to acceptance of two different Bills of Quantity (BoQ) having the same total figure and the Committees' failure to detect the error and further evaluation of the BOQ with the higher rates instead of the one with the lower rates. (AIN: 13624; Para 1.1; Accountabilities: Direct: LB Chhetri, AE, EID No.200607212; Supervisory: Tandin Dorji, DE, EID No.200401026)

Status: Para remained unresolved.

4.2.10. Dzongkhag Administration, Samtse

Out of the total unresolved significant irregularities of Nu.0.084million reported to the Parliament in April 2018, the Dzongkhag Administration, Samtse hadnot resolved any ireglarities as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Violations of laws and rules	0.000	-	-	0
2	Shortfalls, lapses and deficiencies	0.084	-	0.084	0
Total		0.084	-	0.084	

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

1. Violations of laws and rules

1.1 Acceptance of inferior furniture

The Dzongkhag Administration, Samtse had procured furniture worth Nu. 0.840 million. The physical verification conducted by the RAA indicated cases of acceptance of smaller size and inferior quality of steel file racks, file rack made of board instead of teak wood. The lapses had occurred apparently due to failure to verify the goods as to specifications while receiving the goods by concerned schools. (AIN: 13646; Para 2.4; Accountabilities: Direct; 1.Pema Rinzin, Principal, EID No.200401397,2. Sonam Jamtsho, Principal, EID No.2003073693. Pema Dorji, Principal, EID no.8304008,4.Sherab Gyeltshen, Principal, EID No.98082325. Tashi Dargay, Principal, EID No.200207435,Supervisory: Karma Sonam Chopel, CDEO, EID.No: 9607071)

Status: Para remained unresolved.

2. Shortfalls, lapses and deficiencies - Nu. 0.084million

2.1 Outstanding Advances - Nu. 0.029million

The Dzongkhag Administration, Samtse had overdue outstanding advances of Nu. 0.089 million against the officials. (AIN: 13646; Para 2.1; Accountabilities: Direct: Sonam Gyeltshen, Engineer, EID No.200901083; Supervisory: Kuenzang Dorji, Dzongkhag Engineer, EID No.9807036)

Status: Para remained unsettled as the balance Nu. 0.029 million reported in April 2018 was not recovered/adjusted.

2.2 Missing vouchers – Nu. 0.055 million

The Dzongkhag Administration, Samtse had missing vouchers involving Nu. 0.055 million. The lapses had occurred apparently due to negligence on the part of dealing officials and failure on the part of the DDO in verifying the required supporting documents during the approval process. (AIN: 13646; Para 2.2; Accountabilities: Direct: Sonam Gyeltshen, Engineer, EID No.200901083; Supervisory: Kuenzang Dorji, Dzongkhag Engineer, EID No. 9807036)

Status: Para remained unresolved.

4.2.11. Dzongkhag Administration, Gasa

The Dzongkhag Administration had unresolved significant irregularity of Nu.0.058million reported to the Parliament in April 2018, which had remained unresolved as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	0.058	-	0.058	-
	Total	0.058	-	0.058	

The detailed status of unresolved irregularity reported to the Parliament in April 2018 and the irregularity remaining unresolved as on 30/09/2018 is as discussed below:

1. Shortfalls, lapses and deficiencies – Nu. 0.058 million

1.1 Double payment - Nu. 0.058 million

The Dzongkhag Administration, Gasa had made double payment of Nu.0.058 million to Sonam Gyeltshen, Teacher-II on account of salary arrears for the months of February and June 2015 in April 2015 and again in June 2015. The lapses had occurred mainly due to lack of proper communication and coordination between the HR and Accounts personnel. (AIN: 13959; Para 1; Accountabilities: Direct Sonam Wangchuk, Accountant, EID No.200807278; Supervisory: Sonam Wangchuk, Accountant, EID No.200807278)

Status: Para remained unresolved.

4.2.13. Dzongkhag Administration, Thimphu

Out of the total unresolved irregularity of Nu.0.047million reported to the Parliament in April 2018, the Dzongkhag Administration, Thimphu had settled the principle amount, however, the irregularity remained unresolved due to non-realization of accrued penalty as discussed below:

Sl. No.	Observation Category	Irregularities reported to the Parliament AS ON 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	0.047	0.047	-	100
	Total	0.047	-	-	

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

1. Shortfalls, lapses and deficiencies – Nu.0.047 million

1.1 Outstanding Advances - Nu.0.047 million

The Dzongkhag Administration, Thimphu had overdue outstanding advances of Nu.0.047 million against the parties. (AIN: 13932; Para 2; Accountabilities: Direct: Chandra M. Panda, Accountant, EID No.: 200307139, Nidup Dorji, Engineer, EID No.200901231, Supervisory Dorji Gyeltshen, Sr. Drungpa, EID No.9607072)

Status: Partially resolved. Principle amount of Nu.0.047 was deposited vide receipt No.427962 dated 15/6/18, however, accrued 24% penalty of Nu. 55,438.96 as of 15/6/2018 was not deposited.

4.3. GEWOGS

4.3.1. Gewogs Administration under Chhukha

I. Bongo Gewog

Out of the total unresolved significant irregularities of Nu.0.465million reported to the Parliament in April 2018, the Gewog Administration, Bongo had not resolved any irregularities as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament AS ON 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	0.465	-	0.465	0.00
	Total	0.465	-	0.465	

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

1. Shortfalls, lapses and deficiencies - Nu. 0.465million

1.1 Excess payments – Nu. 0.108million

- a) The Gewog Administration, Bongo had made excess payment of Nu.0.267 million to contractor in the construction of Choesham at Ketokha Lakhang and purchase of *Zungs*. The excess payment had occurred as the payment for Choesham was made in prior financial year from the GDG funding as well as in the current financial year. Out of Nu. 0.281 million paid in 2013-14, Nu. 0.014 million was considered on account of timber used from old *choesham* and labour charges, leaving a balance of Nu. 0.267 million recoverable from the contractor. *(AIN: 14246; Para 1; Accountabilities: Direct: Passang Dorji, Account assistant, EID No. 201007166; Supervisory: Tashi Dorji, Gup, 10203001580)*

Status: Para remained unresolved as the accrued 24% penalty of Nu.0.024 million was not recovered.

- b) The Gewog Administration, Bongo had made excess payment of Nu. 0.190 million to contractor due to difference in the quantities claimed as per MB and physical measurement at site for the maintenance of Chungkha-Togtowom farm road under Bongo Gewog. *(AIN: 14246; Para 2; Accountabilities: Direct: Ngawang Dorji, JE, 20140103472; Supervisory: Tshering Chopel, Chief DE, 8080213)*

Status: Para remained unresolved as balance of Nu.0. 108 million reported in April 2018 was not recovered.

1.2 Non-rectification of defective works – Nu.0.357 million

The rectification of damaged retaining walls and V-shape drains valuing Nu.0.357 million was not carried out by the contractor for the maintenance of Chungkha-Togtowom farm road under

Gewog Administration, Bongo. The lapses had occurred due to poor workmanship and inadequate supervision by the concerned site engineer. (AIN: 14246; Para 3; Accountabilities: Direct: Ngawang Dorji, JE, 20140103472; Supervisory: Tshering Chopel, Chief DE, 8080213)

Status: Para remained unresolved as the rectifications carried if any was not been intimated to RAA.

II. Geling Gewog

Out of the total unresolved significant irregularities of Nu.0.056 million reported to the Parliament in April 2018, the Gewog Administration, Geling had not resolved any irregularities as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament AS ON 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	0.056	-	0.056	0
	Total	0.056	-	0.056	0

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

1. Shortfalls, lapses and deficiencies - Nu. 0.056 million

1.1 Payments made for items not executed – Nu.0.056 million

The Gewog Administration, Geling had made payment of Nu. 0.056 million to contractor for the item 'Constructing RRM open surface drain cement mortar 1:6 including earth work in excavation, 100 mm thick concrete based 1:5:10, 40mm aggregate, 25mm thick cement concrete 1:2:4, 12 mm agg for filling & disposal of earth 100*200mm depth' not executed at site. The lapses had occurred due to inadequate supervision and monitoring of works and improper verification of contractor's bills. (AIN: 14257; Para 1.1; Accountabilities: Direct: Karma, Dy. EE, EID No: 9808050; Supervisory: Tshering Chopel, Chief DE, EID No.8808013)

Status: Para remained unresolved.

1.2 Non-rectification of defective works

The contractor had not rectified the defective works on the main door, cracked walls, plaster at plinth level not provided, leakages from Serthog and non-installation of external electric lines and switch box in the re-construction of Geling Goenpa under Gewog Administration, Geling. The lapses had occurred due to poor workmanship and inadequate supervision by the concerned site engineer. (AIN: 14257; Para 1.2; Accountabilities: Direct: Karma, Dy. EE, EID No: 9808050; Supervisory: Tshering Chopel, Chief DE, EID No.8808013)

Status: Para remained unresolved.

III. Matekha Gewog

The Gewog Administration, Metakha had one irregularity without monetary value reported to the Parliament in April 2018, which had remained unresolved as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament AS ON 31/03/2018 (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 unresolved irregularity reported to the Parliament in April 2018, which remained unresolved as on 30/09/2018 is as discussed below:

1. Shortfalls, lapses and deficiencies

1.1 Non-rectification of defective works

The contractor had not rectified the defective road works at various chainages including drains in the construction of 5.2 KM farm from Matekha to Gumina under Gewog Administration, Matekha. The lapses had occurred due to poor workmanship and inadequate supervision by the concerned site engineer. *(AIN: 14237; Para 1.1; Accountabilities: Direct: Basant Kumar Rai, Engineer, EID No. 20131003017; Supervisory: Tshering Chopel, Chief DE, EID No.8808013)*

Status: Para remained unresolved.

IV. Phuentshogling Gewog

Out of the total unresolved significant irregularities of Nu.5.263 million reported to the Parliament in April 2018, the Gewog Administration, Phuentshogling had not resolved any irregularities as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament AS ON 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Violation of laws and rules	0.295	-	0.295	0
2	Shortfalls, lapses and deficiencies	4.968	-	4.968	0
	Total	5.263	-	5.263	

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

1. Violation of laws and rules - Nu. 0.295 million

1.1 Non-levy of liquidated damages - Nu.0.295 million

The Gewog Administration, Phuentshogling had not levied liquidated damages of Nu.0.295 million on the contractor for 75 days of delays in completion of works for the construction of water supply scheme to Pachu school and village in contravention to the Dungkhag Tender Committees' tender terms and conditions. *(AIN: 14259; Para 1.1; Accountabilities: Direct: Lobzang Yuden, Junior Engineer, EID No. 200807186; Supervisory: Tshering Chopel, Chief DE, 8808013)*

Status: Para remained unresolved.

2. Shortfalls, lapses and deficiencies - Nu. 4.968 million

2.1 Wasteful expenditure - Nu. 4.893 million

The Gewog Administration, Phuentshogling had constructed water reservoir tank, tap stands and had laid HDPE pipes worth Nu. 4.893 million for the non functional supply scheme to Pachu school and village. On enquiry with the concerned beneficiaries, the water supply had not reached Pachu School ferro-cement-reservoir tank after handing/taking over was done between the contractor and the Dungkhag indicating wasteful expenditure of Nu.4.893 million as the main objective of supplying water was not achieved. (AIN: 14259; Para 1.2; Accountabilities: Direct: Lobzang Yuden, Junior Engineer, EID No. 200807186; Supervisory: Tshering Chopel, Chief DE, 8808013)

Status: Para remained unresolved.

2.2 Excess payment on earth work excavation - Nu. 0.075 million

The Gewog Administration, Phuentshogling had made excess payment of Nu.0.075 million to the contractor for RWSS works at Pachu village and school for earth work excavation 'over areas, depth >300mm, width >1.5m, area >10 Sq.m on plan, including disposal of excavated earth within 50m lead and 1.5m lift & disposed soil to be neatly dressed in all kind of soil (2300 x 0.40 x 0.6) pipe line measuring 5520 cu.m was estimated as per BoQ'. The excess payment had occurred due to inadequate supervision and monitoring of works and improper verification of contractors' bills. (AIN: 14259; Para 1.4; Accountabilities: Direct: Lobzang Yuden, Junior Engineer, EID No. 200807186; Supervisory: Tshering Chopel, Chief DE, 8808013)

Status: Para remained unresolved.

2.3 Non-registration of land occupied by ORC at Limbukha, Serina

The Gewog Administration, Phuentshogling had not registered one-acre land occupied by the Out Reach Clinic at Limbukha, Serina owing to non-receipt of original new lag-thram from the National Land Commission by the owner. (AIN: 14259; Para 3; Accountabilities: Direct: Ram Prasad Rai, Tshokpa, CID No. 20211001152; Supervisory: Birkha Bdr. Rai, Gup, CID No. CID No. 20211000312)

Status: Para remained unresolved.

V. Samphelling Gewog

The Gewog Administration had unresolved irregularity of Nu.0.327million reported to the Parliament in April 2018, which had remained unresolved as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament AS ON 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	0.327	-	0.327	0
	Total	0.327	-	0.327	

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

2. Shortfalls, lapses and deficiencies - Nu. 0.327 million

2.1 Damage of HDPE pipes - Nu.0.327 million

The Gewog Administration, Samphelling had not completed the departmentally executed construction of RWSS at Ahlay, Burkey, B-Tar and Pekashey valuing Nu. 0.327 million due to supply of damaged HDPE pipes by M/s KSD Hardware/Electricals. (AIN: 14260; Para 2; Accountabilities: Direct Sangay Tenzin, Technician, EID No. 20121202108; Supervisory: Tshering Chopel, Chief DE, 8808013)

Status: Para remained unresolved.

4.3.2. Gewogs Administration under Samdrupjongkhar

I. Langchenphug Gewog

Out of the total unresolved significant irregularities of Nu.0.470million reported to the Parliament in April 2018, the Gewog Administration, Langchenphughad not resolved any irregularities as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament AS ON 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Mismanagement	0.470	-	0.470	0
	Total	0.470	-	0.470	0

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

1. Mismanagement - Nu. 0.470 million

1.1 Irregularities and lapses in utilization of GDG Fund - Nu.0.470 million

The Gewog Administration, Langchenphug had spent a sum of Nu.3.350 million from the Gewog Development Grant (GDG) for various activities like pasture developments and procurements of fencing materials, procurement of ginger seedlings, and rubber plantation, etc. under the farmers group named "Phuntsho, Yonten, Norbuling, Namlay Tshogday' at Jampani and Pangshikhar under Langchenphug Gewog for two consecutive years (2013-2014 & 2014-2015).

The RAA observed the following irregularities:

- There was wastage of investment of Nu. 3.350 million on Jampani and Paksingkha as there were no returns from the initiative and the public had not benefited from the activities;
- Payment of Nu.0.310 million was made for works not executed towards the construction of caretaker's quarters;
- 1200 kgs of ginger seeds amounting to Nu.0.120 million were either not procured or not planted by the group; and

- Sale proceeds of 400 kgs of ginger amounting to Nu.0.040 million was not accounted properly.

(AIN: 13603; Para 1; Accountabilities: Direct: Lhadup Dorji, Gup, CID No. 11103000483; Supervisory: Lhadup Dorji, Gup, CID No. 11103000483)

Status: Para remained unresolved.

4.3.3. Gewogs Administration under Bumthang

II. Ura Gewog

The Gewog Administration had unresolved irregularity of Nu.0.365 million reported to the Parliament in April 2018, which had remained unresolved as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament AS ON 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	0.365	-	0.365	0.00
	Total	0.365	-	0.365	

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

1. Shortfalls, lapses and deficiencies – Nu. 0.365million

1.1 Outstanding Advances - Nu. 0.365million

The Gewog Administration, Ura had overdue outstanding advances of Nu.0.463 million against the Ex-Gup. *(AIN: 14223; Para 1; Accountabilities: Direct: Dorji Wangchuk, Former Gup, CID No. 10104001577; Supervisory Dorji Wangchuk, Former Gup, CID No. 10104001577)*

Status: Para remained unresolved as the balance Nu.0.365 million reported in April 2018 was not recovered/adjusted.

4.3.4. Gewog Administration under Samtse

I. Norgaygang Gewog

Out of the total unresolved significant irregularities of Nu.0.450million reported to the Parliament in April 2018, the Gewog Administration, Norgaygang had settled Nu.0.388 million as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Mismanagement	0.062	-	0.062	-
2	Shortfalls, lapses and deficiencies	0.388	0.388	-	-
	Total	0.450		0.062	

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

1. Mismanagement - Nu. 0.062 million

1.1 Irregular retention of fund - Nu. 0.062 million

The Gewog Administration, Norgaygang had booked Nu. 0.062 million as expenditure against Muster Roll payment for construction of RWSS at Dargreybug and Samphelgang under Bara Gewog and retained with the Gewog. The booking of expenditure before completing the works had violated the budgetary and accounting norms. *(AIN: 13566; Para 1; Accountabilities: Direct Cheku Wangchuk, GAO, EID No.201005021; Supervisory Shangkar Gurung, Gup, CID No.11201001330)*

Status: Para remained unresolved.

2. Shortfalls, lapses and deficiencies

2.1 Excess payment

The Gewog Administration, Norgaygang had made excess payment of Nu. 0.388 million to contractor for the construction of RWSS for Gewog, RNR, BHU at Norgaygang Gewog. The excess payment had occurred apparently due to failure of the concerned engineer and Gewog officials in carrying out the work diligently to ensure the execution of work as per the drawings and admissibility of contractor's claims. *(AIN: 13566; Para 2; Accountabilities: Direct: Nidup Drunkpa, Technician, EID No. 8907099; Supervisory: Shangkar Gurung, Gup, CID No. 11201001330)*

Status: Partly settled as Nu.0.234 million was adjusted and Nu.0.154 was recovered and leaving balance accrued 24% penalty of Nu.0.072 million.

4.3.5. Gewogs Administration under Trongsa

I. Korphoog Gewog

The Gewog Administration had unresolved irregularity of Nu.0.187million reported to the Parliament in April 2018, which had remained unresolved as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	0.187	-	0.187	0
	Total	0.187		0.187	

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

2. Shortfalls, lapses and deficiencies – Nu. 0.187 million

2.1 Excess payment to community contractor – Nu. 0.187 million

The Gewog Administration, Korphoog had made excess payment of Nu.0.187 million to the community contractor in the construction of footpath and improvement of drainage at Korphu Chiwoog. The excess payment had occurred due to payment at rates for RCC drainage covers instead of rates for the construction of footpath measuring 79.50 meters. (AIN: 13425; Para 1; Accountabilities: Direct: Dorji Phuntsho, JE, EID No.20140103501; Supervisory Tshetrim Dorji, Gup, CID No.11702000957)

Status: Para remained unresolved.

II. Nubi Gewog

The Gewog Administration had unresolved significant irregularity of Nu. 0.061 million reported to the Parliament in April 2018, which had remained unresolved as on 31/03/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	0.061	-	0.061	0
	Total	0.061	-	0.061	

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

1. Shortfalls, lapses and deficiencies – Nu.0.061 million

1.1 Payment without receipt of goods – Nu.0.061 million

The Gewog Administration, Nubi had made payment of Nu.0.061 million to supplier in June 2015 for supply of furniture. The furniture had not been received as on the date of audit (25th June 2016), which was in violation of budgetary and accounting norms. (AIN: 13426; Para 1; Accountabilities: Direct: Jigme Dorji, GAO, CID No.9507122; Supervisory: Tashi Penden, Gup, CID No.11704001027)

Status: Para remained unresolved.

4.3.6. Gewog Administration under Paro

I. Naja Gewog

Out of the total unresolved significant irregularities of Nu.0.173 million reported to the Parliament in April 2018, the Gewog Administration, Najahad settled the amount, however, three

irregularities without monetary value remained unresolved as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (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	0.173	0.173	-	-
Total		0.173	0.173	-	

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

1. Violations of laws and rules

1.1 Award of community contract to single person

The Gewog Administration, Naja had executed all community contract works through community contractor of one member association in contravention with the Community Contracting Protocol despite pointing it out in the previous audit. (AIN: 13581; Para 3; Accountabilities: Direct: Kado, Gup, CID No. 10807001121; Supervisory: Kado, Gup, CID No. 10807001121)

Status: Para remained unresolved. The RAA has intimated the Departemnt of Local Governance vide letter No.RAA/FUCD/(R2)NAJA/2017/2537 dated 13/9/17 for expediting the settlement of the case. Further reminder has been sent to Gewog Administration vide letter No.RAA/FUCD(R15)2018/2610 dated 06/09/2018.

1.2 Direct award of work

The Gewog Administration, Naja had awarded the work of 'Improvement of Jaba Goenpa Farm Road' to a community contractor based on the Memorandum of Understanding signed between the Gewog Administration and the community contractor without the consensus of the entire community and GT endorsement in contravention with the Community Contracting Protocol. (AIN: 13581; Para 2.1; Accountabilities: Direct: Kado, Gup, CID No. 10807001121; Supervisory: Kado, Gup, CID No. 10807001121)

Status: Para remained unresolved. The RAA has intimated the Departemnt of Local Governance vide letter No. RAA/FUCD/(R2)NAJA/2017/2537 dated 13/9/17 for expediting the settlement of the case. Further reminder has been sent to Gewog Administration vide letter No.RAA/FUCD(R15)2018/2610 dated 06/09/2018.

1.3 Construction of farm road without obtaining environment clearance

The Gewog Administration, Naja had constructed 403 meters of Jaba Goenpa farm road without obtaining environment clearance from the Dzongkhag Environmental Sector in contravention with the Environment Assessment Act 2000. (AIN: 13581; Para 2.2; Accountabilities: Direct: Kado, Gup, CID No. 10807001121; Supervisory: Kado, Gup, CID No.10807001121)

Status: Para remained unresolved. The RAA has intimated the Departemnt of Local Governance vide letter No. RAA/FUCD/(R2)NAJA/2017/2537 dated 13/9/17 for expediting the settlement of the case. Further reminder has been sent to Gewog Administration vide letter No.RAA/FUCD(R15)2018/2610 dated 06/09/2018.

2. Shortfalls, lapses and deficiencies - Nu. 0.173million

2.1 Excess payments

- a) The Gewog Administration, Naja had made excess payment of Nu. 0.173 million to contractor in the construction of farm road from Menchu Lumpa to Khamji due to payment for quantities in excess of quantities actually excavated in respect of excavation of earthwork over areas including rock blasting. (AIN: 13581; Para 1.2; Accountabilities: Direct: Sonam Choden, AE, EID No.200707078; Supervisory: Kado, Gup, CID No. 10807001121)

Status: Para resolved based on justifications and photographic evidences furnished to the RAA vide letter No.Nya-07/ADM-22/2017/413 dated 11/09/2017.

4.3.7. Gewog Administration under Trashiyangtse

I. Ramjar Gewog

The Gewog Administration, Ramjar had unresolved irregularity of Nu. 0.210 million reported to the Parliament in September 2017, which had remained unresolved on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Violation of laws and rules	0.210	-	0.210	0
	Total	0.210	-	0.210	

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

1. Violations of laws and rules - Nu. 0.210 million

1.1 Expenditure booked under Closed Work - Nu.0.210 million

The Gewog Administration, Ramjar had booked an expenditure of Nu. 0.210 million as closed work without completing the construction of Dining Hall with caretaker's House at Doejam Drodchiling Lhakhang. The amount was deposited into Refundable Deposit Account for future payments in violation of budgetary and accounting norms. (AIN: 13438; Para 1; Accountabilities: Direct: Tej Bdr. Sunwar, Accountant, EID No. 200607313; Supervisory: Karma, Gup, CID No. 11604001297)

Status: Para remained unresolved.

4.3.10. Gewog Administration under Lhuentse

I. Gangzur Gewog

The Gewog Administration, Gangzur unresolved significant irregularity of Nu.0.035 million reported to the Parliament in April 2018, which had remained unresolved as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Fraud, Corruption & Embezzlement	0.035	-	0.035	0
	Total	0.035	-	0.035	

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

1. Fraud, Corruption & Embezzlement - Nu. 0.035 million

1.1 Misuse of revenue - Nu. 0.035 million

The Gaydrung of the Gewog Administration, Gangzur had misused revenue of Nu.0.035 million on rural taxes collected from the public. The lapses had occurred due to lack of internal control system. The Gewog Administration had reported the case to RBP, Lhuentse which was further forwarded to the Anti-Corruption Commission. (AIN: 14160; Para 1; Accountabilities: Direct: Karma Tshewang, Former Gaydrung, CID No. 10603000138; Supervisory: Karma, Former Gup, CID No. 1010100353)

Status: Para remained unresolved.

4.3.12. Gewog Administration under Punakha

I. Guma Gewog

The Gewog Administration, Guma had unresolved irregularity reported to the Parliament in April 2018, which had remained unresolved as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Violation of laws and rules	-	-	-	0
	Total	-	-	-	

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

1. Violations of laws and rules

1.1 Non-execution of Rural Water Supply Scheme

The Gewog Administration, Guma had not provided Barbed wire fencing for ferro-cement-reservoir tank in the Guma-Wolakha RWSS scheme although the materials were found issued to beneficiaries. *(AIN: 13669; Para 1; Accountabilities: Direct: L.B. Chhetri, AE, EID No. 200607212; Supervisory Namgay Tshering, Gup, CID No.1100400040)*

Status: Para remained unresolved.

4.3.13. Gewog Administration under Tsirang

I. Gosarling Gewog

The Gewog Administration, Gosarling had unresolved irregularity reported to the Parliament in April 2018, which had remained unresolved as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Mismanagement	-	-	-	0
	Total	-	-	-	

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

1. Mismanagement

1.1 Shortages of RWSS materials at site

The Gewog Administration, Gosarling had booked Nu.0.743 million as expenditures for Rehabilitation of Harpay Irrigation Channel against the budget provision of Nu.0.775 million. The materials like HDPE pipes, sockets, cement and sand were procured and accounted for in the stock register but 47 bags of cement, 8 cubic meters of sand and 30 meters of HDPE pipe 160 mm PN 2.5 worth Nu.0.043 million were not available at site. *(AIN: 13686; Para 3.1; Accountabilities: Direct: Kharka Bdr. Tamang, Gup, CID No. 11804000645, SangayDorji, GAO, EID No. 200803047; Supervisory: Kharka Bdr. Tamang, Gup, CID No. 11804000645, SangayDorji, GAO, EID No. 200803047)*

Status: Para remained unresolved.

4.4. AUTONOMOUS AGENCIES

4.4.1. Royal University of Bhutan

Out of the total unresolved significant irregularities of Nu.55.228million reported to the Parliament in April 2018, the Royal University of Bhutan had resolved irregularities amounting to Nu.8.229 million leaving a balance of Nu.46.999 million as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Mismanagement	11.107	7.864	3.243	70.80
2	Violations of laws and rules	25.719	0.168	25.551	0.65
3	Shortfalls, lapses and deficiencies	18.402	0.197	18.205	1.07
	Total	55.228	8.229	46.999	

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

2. Mismanagement - Nu. 3.243 million

2.1 Non-adjustment of excessive grant of advances and resultant non-settlement of final RA bills due to insufficient amount - Nu. 2.736 million

The Royal University of Bhutan had not adjusted the advances of Nu. 2.736 million from the contractor in the GoI funded Project "Construction of Academic, Library, MPH, 100 Bedded Hostel, Provost Quarter and Site Development Works". The Project Management had released payments aggregating to Nu. 25.693 million up to the 9th RA bill but had not adjusted advances amounting to Nu. 2.736 million from the pre-final bills. The management had failed to comply with the contract agreements and had not deducted proportionate amounts from payments by following the schedule of completed percentages of the works and had also, not adjusted all advances when 80% of contract is executed as required. (AIN: 14188; Para: 1; Accountabilities: Direct: Rinchen Pasang, Engineer, CID No.11211000310; Supervisory: Tendrel Wangdi, Dean, EID No. 9511043)

Status: Para remained unsettled. As per the letter No.FTM/Adm/10/2018-19/338 dt.28.9.2018 case has been filed against M/s Jachung Builders at Bhutan Alternate Dispute Resolution Centre.

2.2 Non-collection of Tuition Fees - Nu. 0.507million

The College of Natural Resources, Lobeysa had not collected Nu. 0.632 million on account of Tuition Fees for FY 2014-2016 from trainees. (AIN: 14119; Para: 1.1; Accountabilities: Direct: Ugyen Dorji, Dean of Student Affairs, EID No. 91110088; Supervisory: Dr. Phub Dorji, Director General, EID No.9312018)

Status: Para remained unresolved as the balance Nu.0.507 million reported in April 2018 was not recovered.

2.3 Outstanding land tax payable to Thromde

The Jigme Namgyel Engineering College, Dewathang had not paid overdue outstanding land taxes amounting to Nu. 7.864 million to the Thromde Administration, Samdrupjongkhar for FY 2011 to 2015. (AIN: 13678; Para: 3; Accountabilities: Direct: Choten Dorji, Estate Manager, EID No. RUB1310050; Supervisory: Dr. Andu Dukpa, Director, EID No. 9307011)

Status: The para was settled based on the justifications furnished vide letter No. JNEC/ADM-25/2017-2018/2432 of 12/03/2019.

3. Violations of laws and rules - Nu. 25.551 million

3.1 Non-collection of the additional differential amount - Nu. 10.633 million

The Royal University of Bhutan had not collected the additional differential amount of Nu.10.633 million in the GoI funded project “Construction of Academic, Library, MPH, 100 Bedded Hostel, Provost Quarter and Site Development Works” from the contractor as recommended by the Evaluation Committee. The Evaluation Committee recommended the Award Committee to obtain additional differential security for difference between estimated amount and quoted price, if they decided to award the contract to the lowest responsive bidder M/s Jachung Builders. The lowest bidder had submitted a bid price of Nu.28.203 million, which was 27.38% below the estimated cost of Nu.38.836 million.

The Award Committee while issuing Letter of Acceptance to the contractor had clearly indicated that the performance security of Nu.2.820 million and additional differential security of Nu.10.633 million were to be furnished by the contractor. The contractor later appealed for exemption of differential security, following which a meeting was held on 16th June 2010 between the Vice Chancellor, Director, Planning and Resources, Director, NITM and Dy. Executive Engineer of the RUB. The four-member committee considered and decided to waive off the additional differential security and retain the submission of additional 10% performance bond in addition to the 10% performance security.

However, the decision of the committee was in deviation to the *clause 5.4.5 ‘Abnormally Low Bid’ of the Procurement Rules and Regulation 2009*. Also, the contractor in defiance to the decisions of the committee had submitted only 15% performance guarantee amounting to Nu.4.230 million against the actual requirements of 20%. The management had neither forfeited the security money nor rejected the bid. (AIN: 14188; Para: 13; Accountabilities: Direct: Rinchen Pasang, Engineer, CID No.11211000310; Supervisory: Tendrel Wangdi, Dean, EID No. 9511043)

Status: Para remained unsettled. As per the letter No.FTM/Adm/10/2018-19/338 dt.28.9.2018 case has been filed against M/s Jachung Builders at Bhutan Alternate Dispute Resolution Centre.

3.2 Unwarranted grant of time extensions in construction - Nu.10.468 million

a) The Royal University of Bhutan had not levied 10% liquidated damages amounting to Nu.2.820 million to the contractor for 265 days of inadmissible time extension granted in the “Construction of Hostel, Provost Quarter, Dining hall and Site development works”. The management had granted five time extensions aggregating to 575 days, from which 310 days claimed as hindrances were within the provisions of the contract documents. (AIN: 14188; Para: 11; Accountabilities: Direct: Dorji Wangchuk, Ex-Dean, EID No.7601026; Supervisory: Tendrel Wangdi, Dean, EID No. 9511043)

Status: Para remained unsettled. As per the letter No.FTM/Adm/10/2018-19/338 dt.28.9.2018 the case has been filed against M/s S.D.K Consultancy at Bhutan Alternate Dispute Resolution Centre.

b) The Royal University of Bhutan had not levied 10% liquidated damages amounting to Nu.7.648 million to the contractor for 645 days of inadmissible time extension granted in the “Construction of administration, academic block and multipurpose hall”. The management had granted six time extensions to the contractor totaling more than 21 months. From the total, 137 days for the contractor and 21 days for the Design Consultant were found inadmissible and liable for liquidated damages, as the hindrances claimed were not to be considered as hinderances. (AIN: 14188; Para: 26; Accountabilities: Direct: Rinchen Pasang, Engineer, CID No.11211000310; Dechen Wangdi, Manager, CDB Reg. No. 107; Supervisory: Tendrel Wangdi, Dean, EID No. 9511043)

Status: Para remained unsettled. As per the letter No.FTM/Adm/10/2018-19/338 dt.28.9.2018 case has been filed against M/s Jachung Builders at Bhutan Alternate Dispute Resolution Centre.

3.3 Unauthorized acceptance of undervalued Performance Security and non-renewal of validity period on expiry - Nu.2.820 million

The Royal University of Bhutan had accepted an undervalued performance security of Nu.4.230 million against the required Nu.5.641 million as per the approval of the four-member tender committee in the GoI funded Project "Construction of Academic, Library, MPH, 100 Bedded Hostel, Provost Quarter and Site Development Works". In addition, the contractor had failed to renew the performance guarantee in line with the revised completion dates agreed based on approved time extensions even after several reminders, and had failed to submit the revalidated performance guarantee. The management had failed to invoke provisions of the contract agreement for breach of the contract. (AIN: 14188; Para: 15; Accountabilities: Direct: Dechen Tshomo, Accounts Asst., EID No. 9921215U; Supervisory: Tendrel Wangdi, Dean, EID No. 9511043)

Status: Para remained unsettled. As per the letter No.FTM/Adm/10/2018-19/338 dt.28.9.2018 case has been filed against M/s Jachung Builders at Bhutan Alternate Dispute Resolution Centre.

3.4 Project fund balance deposited into IDF Account - Nu. 1.312 million

The fund balance of Nu.1.312 million from the DANIDA Project 'Transition Support Programme - Education and Health coordination and E-Governance' under Sherubtse College, Kanglung was booked as expenditure and deposited into IDF account to avoid lapse of funds. (AIN: 13868; Para: 2; Accountabilities: Direct: Dr. Sonam Wangmo, Lecturer, EID No.8903022; Sangay Thinley, Lecturer, EID No. 200507001; Supervisory: Tshering Wangdi, Director, EID No.98011035)

Status: Para remained unresolved.

3.6 Payment for items provided other than specifications - Nu.0.318 million

The Royal University of Bhutan had made inadmissible payments of Nu.0.318 million to contractor for not providing items as specified in the GoI funded Project "Construction of Academic, Library, MPH, 100 Bedded Hostel, Provost Quarter and Site Development Works". Instead of providing and fixing 'anodized aluminum section for door framing' the item was substituted with the 'flush door shutter in timber framing'. There was no prior approval of competent authority/client for changing the specification and there were no changes in the rates for items of work claimed. (AIN: 14188; Para: 8; Accountabilities: Direct: Rinchen Pasang, Engineer, CID No. 11211000310; Supervisory: Tendrel Wangdi, Dean, EID No. 9511043)

Status: Para remained unsettled. As per the letter No.FTM/Adm/10/2018-19/338 dt.28.9.2018 case has been filed against M/s Jachung Builders at Bhutan Alternate Dispute Resolution Centre.

3.7 Untimely release of performance guarantee

The Royal University of Bhutan had not adhered to the terms and conditions of the contract with regard to release of performance guarantee of the consultant hired for executing the drawing, design and supervision works in the GoI funded Project "Construction of Academic, Library, MPH, 100 Bedded Hostel, Provost Quarter and Site Development Works".

The 10% performance security amounting to Nu.0.168 million, valid for four months was submitted on 31st June, 2009 by the consultant, in the form of bank guarantee. The release from DPA was sought at the expiry of validity, but payments could not be verified. There were no records of new performance guarantees obtained for the 27 months long duration of the project

for supervision works, which was in-deviation to the terms of the contract. (AIN: 14188; Para: 28; Accountabilities: Direct: Anju Pradhan, Ex-Accountant, EID No.2007026; Supervisory: Tendrel Wangdi, Dean, EID No. 9511043)

Status: Para was settled based on the minutes of the 51st Follow-up Committee Meeting held on 17.8.2018 as the management had reported vide letter No FTM/ADM/10/2018/127 dated 23.7.2018 that the work had been completed successfully.

3.8 Change of consultant's key personnel with lower qualification

The Royal University of Bhutan had not regulated the claims and payments made in terms of remuneration entitled for a less qualified and inexperienced personnel hired for executing the drawing, design and supervision works in the GoI funded Project “Construction of Academic, Library, MPH, 100 Bedded Hostel, Provost Quarter and Site Development Works”. The lump sum contract for drawing, design and supervision was awarded to M/s SDK Consultancy, Phuentsholing for Nu.1.675 million, of which Nu.0.841 million was for drawing & design, and Nu.0.834 million for supervision.

The site engineer committed by the consultancy firm in the tender documents/technical proposal had resigned and the actual site engineer assigned to supervise the construction works at site had less experience. The consultancy firm neither had the personnel’s CV listed in the technical proposal, nor did they seek approval for change of key personnel from client, which breached the terms and conditions of the contract. The engagement of inexperienced site engineer had resulted in improper maintenance of Measurement Books (MB) with resultant over payments due to totaling errors and discrepancies in measurements and non-execution of works because of poor supervision. (AIN: 14188; Para: 27; Accountabilities: Direct: Rinchen Pasang, Engineer, CID No.11211000310; Dechen Wangdi, Manager, CDB Reg. No. 107; Supervisory: Tendrel Wangdi, Dean, EID No. 9511043)

Status: Para remained unsettled. As per the letter No.FTM/Adm/10/2018-19/338 dt.28.9.2018 case has been filed against M/s Jachung Builders at Bhutan Alternate Dispute Resolution Centre.

3.9 Acceptance of defective works

The Royal University of Bhutan had accepted the following defective works in the GoI funded Project “Construction of Academic, Library, MPH, 100 Bedded Hostel, Provost Quarter and Site Development Works”:

- The two plastic storage tanks supplied and installed by contractor were found broken;
- The waste pipe was leaking, due to non-maintenance of proper gradient;
- Some wash basins did not have water supply due to defective plumbing works;
- The urinals in boys' toilet did not have proper water supply connections; and
- The plinth protection and drainage were sinking due to improper compaction of the filled earth and weak sub-base.

(AIN: 14188; Para: 10; Accountabilities: Direct: Dorji Wangchuk, Ex-Dean, EID No.7601026; Supervisory: Tendrel Wangdi, Dean, EID No. 9511043)

Status: Para remained unsettled. As per the letter No.FTM/Adm/10/2018-19/338 dt.28.9.2018 the case has been filed against M/s S.D.K Consultancy at Bhutan Alternate Dispute Resolution Centre.

3.10 Inaction and non-termination of the contract

The Royal University of Bhutan had not taken actions against the contractor for abandoning the construction works and leaving without handing over the site to the management of the GoI funded project "Construction of Academic, Library, MPH, 100 Bedded Hostel, Provost Quarter and Site Development Works". The contractor, M/s Jachung Builders after availing 575 days of time extension, had stopped the works from 8th November 2014. The management had not terminated the contract as per the contract agreement or taken any other actions against the contractor for leaving the site without completing the work. (AIN: 14188; Para: 14; Accountabilities: Direct: Dorji Wangchuk, Ex-Dean, EID No.7601026; Supervisory: Tendrel Wangdi, Dean, EID No. 9511043)

Status: Para remained unsettled. As per the letter No.FTM/Adm/10/2018-19/338 dt.28.9.2018 the case been filed against M/s Jachung Builders at Bhutan Alternate Dispute Resolution Centre.

4. Shortfalls, lapses and deficiencies – Nu. 18.205 million

4.1 Irregular release of retention money - Nu. 2.357 million

The Royal University of Bhutan had not renewed the bank guarantee as per contract agreements and had also not taken timely actions for irregular release of retention money in the GoI funded Project "Construction of Academic, Library, MPH, 100 Bedded Hostel, Provost Quarter and Site Development Works". While the contract agreement stipulated that 50% of Retention Money be released after the completion of works and remaining 50% after the expiry of defect liability period, the management was found to have released Nu. 2.357 million of the total amount of Nu.2.569 million aggregating to 91.75%. The retention money was released upon the production of a bank guarantee that had expired on 22nd May 2014 and was not renewed. (AIN: 14188; Para: 12; Accountabilities: Direct: Dechen Tshomo, Accounts Asst., EID No. 9921215U; Supervisory: Tendrel Wangdi, Dean, EID No. 9511043)

Status: Para remained unsettled. As per the letter No.FTM/Adm/10/2018-19/338 dt.28.9.2018 the case has been filed against M/s S.D.K Consultancy at Bhutan Alternate Dispute Resolution Centre.

4.2 Non-deduction of 5% rebate offered by the contractor - Nu. 1.285 million

The Royal University of Bhutan had not deducted the 5% rebate offered by contractor amounting to Nu. 1.285 million, which had resulted in over payment of Nu.1.285 million to contractor in the GoI funded Project "Construction of Academic, Library, MPH, 100 Bedded Hostel, Provost Quarter and Site Development Works". (AIN: 14188; Para: 2; Accountabilities: Direct: Rinchen Pasang, Engineer, CID No.11211000310; Supervisory: Tendrel Wangdi, Dean, EID No. 9511043)

Status: Para remained unsettled. As per the letter No.FTM/Adm/10/2018-19/338 dt.28.9.2018 the case has been filed against M/s Jachung Builders at Bhutan Alternate Dispute Resolution Centre.

Para remained unresolved.

4.5 Under payment in construction -Nu. 0.177 million

The Royal University of Bhutan had made under payments of Nu.0.177 million to contractors due to error in rate application for steel sections in tubular trusses in the GoI funded Project "Construction of Academic, Library, MPH, 100 Bedded Hostel, Provost Quarter and Site Development Works". The rate of Nu.25 per kg was applied instead of Nu.50 per kg for the

5237.56 kgs of steel used. (AIN: 14188; Para: 9; Accountabilities: Direct: Rinchen Pasang, Engineer, CID No.11211000310; Supervisory: Tendrel Wangdi, Dean, EID No. 9511043)

Status: Para remained unsettled. As per the letter No.FTM/Adm/10/2018-19/338 dt.28.9.2018 the case has been filed against M/s Jachung Builders at Bhutan Alternate Dispute Resolution Centre.

4.6 Booking of payment as expenditure instead of advance

The Sherubtse College, Kanglung had wrongly booked an advance of Nu.0.197 million as expenditure on account of proof reading, printing and publishing of thesis and research book in violation to budgetary and accounting norms. The above printing works were not executed as on the dates of audit (30th April 2016). (AIN: 13868; Para: 1; Accountabilities: Direct: Dr. Sonam Wangmo, Lecturer, EID No.8903022; Supervisory: Tshering Wangdi, Director, EID No.98011035)

Status: Para was resolved vide review report No. RAA/OAAG-SJ/AR-24/Sherubtse /2018/2349 dated 6/9/2018 based on the documents and justifications provided.

4.8 Inadmissible/double/overpayment - Nu. 3157 million

- a) The Royal University of Bhutan had made over payment of Nu.0.412 million to contractor on account of construction of retaining walls and MS square bars used in railings in the GoI funded Project “Construction of Academic, Library, MPH, 100 Bedded Hostel, Provost Quarter and Site Development Works”. The measurements of works claimed by contractor and the actual measurements on site varied resulting in the overpayment. (AIN: 14188; Para: 3; Accountabilities: Direct: Rinchen Pasang, Engineer, CID No.11211000310; Supervisory: Tendrel Wangdi, Dean, EID No. 9511043)

Status: Para remained unsettled. As per the letter No.FTM/Adm/10/2018-19/338 dt.28.9.2018 the case has been filed against M/s Jachung Builders at Bhutan Alternate Dispute Resolution Centre.

- b) The Royal University of Bhutan had made double payment of Nu.0.248 million to contractor on account of brick work in superstructure in the GoI funded Project “Construction of Academic, Library, MPH, 100 Bedded Hostel, Provost Quarter and Site Development Works”. The measurements and payments for ‘250mm brick work’ for ground floor in Block A & B were claimed twice, once in the 4th RA bill and then again in the 7th RA bill. (AIN: 14188; Para: 5; Accountabilities: Direct: Rinchen Pasang, Engineer, CID No.11211000310; Supervisory: Tendrel Wangdi, Dean, EID No. 9511043)

Status: Para remained unsettled. As per the letter No.FTM/Adm/10/2018-19/338 dt.28.9.2018 the case has been filed against M/s Jachung Builders at Bhutan Alternate Dispute Resolution Centre.

- c) The Royal University of Bhutan had made over payment of Nu.0.114 million to contractor for plumbing works in the GoI funded Project “Construction of Academic, Library, MPH, 100 Bedded Hostel, Provost Quarter and Site Development Works”. The contractor had inflated quantities and claimed more items of works in the bill than what was actually provided on site. (AIN: 14188; Para: 6; Accountabilities: Direct: Rinchen Pasang, Engineer, CID No.11211000310; Supervisory: Tendrel Wangdi, Dean, EID No. 9511043)

Status: Para remained unsettled. As per the letter no.FTM/Adm/10/2018-19/338 dt. 28.9.2018 the case has been filed against M/s Jachung Builders at Bhutan Alternate Dispute Resolution Centre.

d) The Royal University of Bhutan had made overpayments amounting to Nu.0.350 million for wooden skirting due to bogus measurements of prefabricated wooden flooring, in the GoI funded Project “Construction of Academic, Library, MPH, 100 Bedded Hostel, Provost Quarter and Site Development Works”. The contractor was also liable for 24% penalty of Nu.0.075 million on the bogus claims for the year. The supervision consultant had repeated the flooring measurements of the conference hall in the flooring of second floor and ‘jamthog’ and the contractor had claimed for wooden flooring in the lobby, which was actually kota-stone flooring. (AIN: 14188; Para: 16; Accountabilities: Direct: Rinchen Pasang, Engineer, CID No.11211000310; Supervisory: Tendrel Wangdi, Dean, EID No. 9511043)

Status: Para remained unsettled. As per the letter No.FTM/Adm/10/2018-19/338 dt.28.9.2018 the case has been filed against M/s Jachung Builders at Bhutan Alternate Dispute Resolution Centre.

e) The Royal University of Bhutan had made overpayments amounting to Nu.0.078 million for unexecuted works in site development of Academic building & Conference hall, in the GoI funded Project “Construction of Academic, Library, MPH, 100 Bedded Hostel, Provost Quarter and Site Development Works”. The contractor was also liable for 24% penalty of Nu.0.115 million on the ineligible payments for unexecuted work worth to Nu.0.480 million, the excess claims were deducted from the 20thRA Bill leaving a balance of Nu.0.078 million. (AIN: 14188; Para: 17; Accountabilities: Direct: Rinchen Pasang, Engineer, CID No.11211000310; Supervisory: Tendrel Wangdi, Dean, EID No. 9511043)

Status: Para remained unsettled. As per the letter No.FTM/Adm/10/2018-19/338 dt.28.9.2018 the case has been filed against M/s Jachung Builders at Bhutan Alternate Dispute Resolution Centre.

f) The Royal University of Bhutan had made double payments amounting to Nu.0.059 million due to repetition in measurements of RCC & TMT works in columns in the GoI funded Project “Construction of Academic, Library, MPH, 100 Bedded Hostel, Provost Quarter and Site Development Works”. (AIN: 14188; Para: 18; Accountabilities: Direct: Rinchen Pasang, Engineer, CID No.11211000310; Supervisory: Tendrel Wangdi, Dean, EID No. 9511043)

Status: Para remained unsettled. As per the letter No.FTM/Adm/10/2018-19/338 dt.28.9.2018 the case has been filed against M/s Singye Construction Pvt. Ltd at Bhutan Alternate Dispute Resolution Centre..

g) The Royal University of Bhutan had made overpayments amounting to Nu.0.358 million due to totaling error in quantity column for steel sections for roof trusses of academic building in the GoI funded Project “Construction of Academic, Library, MPH, 100 Bedded Hostel, Provost Quarter and Site Development Works”. (AIN: 14188; Para: 19; Accountabilities: Direct: Rinchen Pasang, Engineer, CID No.11211000310; Supervisory: Tendrel Wangdi, Dean, EID No. 9511043)

Status: Para remained unsettled. As per the letter No.FTM/Adm/10/2018-19/338 dt.28.9.2018 the case has been filed against M/s Singye Construction Pvt. Ltd at Bhutan Alternate Dispute Resolution Centre.

h) The Royal University of Bhutan had made overpayments amounting to Nu.0.290 million due to totaling error in the GoI funded Project “Construction of Academic, Library, MPH, 100 Bedded Hostel, Provost Quarter and Site Development Works”. (AIN: 14188; Para: 20; Accountabilities: Direct: Rinchen Pasang, Engineer, CID No.11211000310; Supervisory: Tendrel Wangdi, Dean, EID No. 9511043)

Status: Para remained unsettled. As per the letter No.FTM/Adm/10/2018-19/338 dt.28.9.2018 the case has been filed against M/s Singye Construction Pvt. Ltd at Bhutan Alternate Dispute Resolution Centre..

- i) The Royal University of Bhutan had made overpayments amounting to Nu.0.062 million due to multiplication error in 20th RA bill for RRM works in the GoI funded Project “Construction of Academic, Library, MPH, 100 Bedded Hostel, Provost Quarter and Site Development Works”. (AIN: 14188; Para: 21; Accountabilities: Direct: Rinchen Pasang, Engineer, CID No.11211000310; Supervisory: Tendrel Wangdi, Dean, EID No. 9511043)

Status: Para remained unsettled. As per the letter No.FTM/Adm/10/2018-19/338 dt.28.9.2018 the case has been filed against M/s Singye Construction Pvt. Ltd at Bhutan Alternate Dispute Resolution Centre.

- j) The Royal University of Bhutan had made overpayments amounting to Nu.0.101 million due to inflated measurements claimed by the contractor for construction of drains, RCC posts and brick walls in the GoI funded Project “Construction of Academic, Library, MPH, 100 Bedded Hostel, Provost Quarter and Site Development Works”. (AIN: 14188; Para: 22; Accountabilities: Direct: Rinchen Pasang, Engineer, CID No.11211000310; Supervisory: Tendrel Wangdi, Dean, EID No. 9511043)

Status: Para remained unsettled. As per the letter No.FTM/Adm/10/2018-19/338 dt.28.9.2018 the case has been filed against M/s Singye Construction Pvt. Ltd at Bhutan Alternate Dispute Resolution Centre.

- k) The Royal University of Bhutan had made overpayments amounting to Nu.0.050 million due to inflated quantities claimed in construction of anodized aluminum section for academic building & conference hall in the GoI funded Project “Construction of Academic, Library, MPH, 100 Bedded Hostel, Provost Quarter and Site Development Works”. (AIN: 14188; Para: 23; Accountabilities: Direct: Rinchen Pasang, Engineer, CID No.11211000310; Supervisory: Tendrel Wangdi, Dean, EID No. 9511043)

Status: Para remained unsettled. As per the letter No.FTM/Adm/10/2018-19/338 dt.28.9.2018 the case has been filed against M/s Singye Construction Pvt. Ltd at Bhutan Alternate Dispute Resolution Centre.

- l) The Royal University of Bhutan had made overpayments amounting to Nu.0.477 million for unexecuted doors and windows in construction of academic building & conference hall in the GoI funded Project “Construction of Academic, Library, MPH, 100 Bedded Hostel, Provost Quarter and Site Development Works”. (AIN: 14188; Para: 24; Accountabilities: Direct: Rinchen Pasang, Engineer, CID No.11211000310; Supervisory: Tendrel Wangdi, Dean, EID No. 9511043)

Status: Para remained unsettled. As per the letter No.FTM/Adm/10/2018-19/338 dt.28.9.2018 the case has been filed against M/s Singye Construction Pvt. Ltd at Bhutan Alternate Dispute Resolution Centre.

4.9 Outstanding advances - Nu.11.229 million

The Gaeddu College of Business Studies, Gedu had overdue outstanding balances amounting to Nu.11.250 million on account of Personal Advances (Nu. 10.751 million) and PW Advances (Nu.0.499 million). (AIN: 13757; Para: 2.2; Accountabilities: Direct: As per list in report. Supervisory: Lhato Jamba, Director General, EID No. 9003001)

Status: Para remained unresolved as the balance of Nu. 11.229 million reported in April 2018 was not recovered/adjusted.

4.4.2. Judiciary

Out of the total unresolved significant irregularities of Nu.1.051 million reported to the Parliament in April 2018, the Judiciary had resolved irregularities amounting to Nu.0.259 million leaving a balance of Nu.0.792 million as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	1.051	0.259	0.792	24.64
	Total	1.051	0.259	0.792	

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

2. Shortfalls, lapses and deficiencies - Nu. 0.792million

2.2 Inadmissible payment of allowances - Nu. 0.792 million

The Royal Court of Justice, Dungkhag Court Lingzhi had made inadmissible payments of Nu.0.792 million to employees who were based in Thimphu on account of 'High Altitude Allowance' and 'Difficulty Allowances'. (AIN:14040; Para: 1; Accountabilities: Direct: Leki Dorji, Drangpon, EID No. 8108006; Wangdi, Bench Clerk I, EID No. 7802017; Sonam Dorji, Bench Clerk I, EID No. 8412011; Karma Zangmo, Personal Assistant, EID No. 9926743; Sonam Choden, Messenger, 9917945; Dophu, Attendent, EID No. 9920682; Supervisory: Ugyen Nima, Drangpon, EID No. 8601045)

Status: Para remained unresolved. As per the letter No. SC/Accts-18/2016-17/1645 dated 24/09/2018 from the Royal Court of Justice, Supreme Court that the Drangpon of the Drungkhag, Lingshi Court has been instructed to follow up the matter.

2.3 Excess payment made to contractor

- a) The Royal Court of Justice, Supreme Court, Thimphu had made excess payment of Nu.0.068 million to the contractor for various items of works in the construction of Dorokha Dungkhag Court under the ADA-Phase II funded project "Construction of District Courts in Dagana, Tsirang, Dorokha and Zhemgang". The excess payment had occurred due to payments made for quantities in excess of quantities actually executed. (AIN:

14148; Para: 2; Accountabilities: Direct: Hukumi Ghalley, Engineer, EID No. 20080702053; Supervisory: Gyeltshen Wangdi, Architect, 9910726U CID No. 11512004618)

Status: Para was resolved as the amount of Nu.90,370.96 was deposited to the RAA along with accrued penalty.

- b) The Royal Court of Justice, Supreme Court, Thimphu had made excess payment of Nu.0.191 million to the contractor for various items of works in the construction of Zhemgang Dzongkhag Court under the ADA-Phase II funded project “Construction of District Courts in Dagana, Tsirang, Dorokha and Zhemgang”. The excess payments had occurred due to payments made for quantities in excess of quantities actually executed. (AIN: 14148; Para: 3; Accountabilities: Direct: Hukumi Ghalley, Engineer, EID No. 20080702053; Supervisory: Gyeltshen Wangdi, Architect, 9910726U CID No. 11512004618)

Status: Para was resolved as the amount of Nu. 256,797.24 was deposited to the RAA along with accrued penalty.

4.4.4. Royal Civil Service Commission

Out of the total unresolved significant irregularities of Nu.1.384million reported to the Parliament in April 2018, the Royal Civil Service Commission had not resolved any irregularities as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Violations of laws and rules	0.819	-	0.819	
2	Shortfalls, lapses and deficiencies	0.565	-	0.565	
	Total	1.384		1.384	

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

1. Violations of laws and rules - Nu. 0.819million

1.1 Non-refund of expenditures from five MBBS students as per the Undertaking - Nu.0.819 million

The Royal Civil Service Commission had not penalized and recovered an amount of Nu. 34.746 million from five doctors who had successfully completed their MBBS courses and returned to Bhutan but had not joined service in the country as per the Letter of Undertaking signed between the students and the RCSC. A sum of Nu. 25.740 million was resolved leaving a balance of Nu. 9.006 million. (AIN: 13650; Para: 1.1; Accountabilities: Direct: Tashi Pem, Director, RCSC, EID No. 9602032; Supervisory: Tashi Pem, Director, RCSC, EID No. 9602032)

Status: Para remained unresolved as the balance Nu. 0.819 million reported in April 2018 was not recovered.

2. Shortfalls, lapses and deficiencies - Nu. 0.565 million

2.2 Inadmissible payment of tuition fees & stipend - Nu. 0.565 million

The Royal Civil Service Commission had not recovered inadmissible payment of Nu. 0.798 million from an official upon discontinuation of Master's course from the first semester due to ill health. However, the tuition fees & stipends had been paid till 4th Semester from the GOI Project 'Nehru Wangchuck Scholarship'. Nu. 0.233 million was recovered leaving a balance of Nu. 0.565 million.

The RCSC reported of the Office of the Vice Chancellor having forwarded the case to the Office of the Attorney General. (AIN: 13650; Para: 3.1; Accountabilities: Direct: Rashme Gurung, EID No.201101147; Supervisory: Gajel Lhendup, Registrar, RUB, EID No.8201014)

Status: Para remained unresolved. As per the letter No..RCSC/AFS-14/2018-19/1412 dt. 28.9.2018 the case has been filled in the Thimphu Dzongkhag Court and it is subjudice.

4.4.5. Tourism Council of Bhutan

Out of the total unresolved significant irregularities of Nu.2.205million reported to the Parliament in April 2018, the Tourism Council of Bhutan had not resolved any irregularities as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Violations of laws and rules	0.400	-	0.400	-
2	Shortfalls, lapses and deficiencies	1.805	-	1.805	-
	Total	2.205	-	2.205	

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

1. Violations of laws and rules - Nu. .400 million

1.2 Irregular release of advance - Nu.0.400 million

The Tourism Council of Bhutan had made irregular payment of advances amounting to Nu.0.400 million to M/s Bhutan Pleasant Holidays from the 'Foreign Exchange (Forex) and Allocation for Sustainable Tourism Development' account without any balance in the tour operator's account. This was in violation to the Clause 'H' of the Tour Payments Rules and Procedures which states that, "On application from the tour operator, up to 50% of the amount deposited shall be released as advance. The balance amount will be released to the tour operators upon submission of invoice by them".(AIN: 13945; Para: 1; Accountabilities: Direct: Tashi Pelki, Accounts Asstt. V, EID No.: 9704048; Kumbu Dem, Accounts Asstt. III, EID No.: 200507249; Supervisory: Dependra Ghalley, Accounts Officer, EID No.: 200201019)

Status: Para remained unresolved. Case is subjudice with the Thimphu Dzongkhag Court.

2. Shortfalls, lapses and deficiencies - Nu. 1.805 million

2.1 Shortages in physical balances - Nu. 0.255 million

The Austrian funded Hotel and Tourism Management Training Institute construction project had shortages of electronic equipment worth Nu.0.255 million as observed during the joint physical verification carried out on 20th and 21st July 2016. (AIN: 14100; Para: 2; Accountabilities: Direct: Sonam Tshering, Sr. Instructor, EID No.:200309021; Supervisory: Dakar Dorji, Principal, EID No.:200201258)

Status: Para remained unsettled.

2.2 Wasteful Expenditure - Nu. 1.550 million

The Austrian funded Hotel and Tourism Management Training Institute construction project had incurred wasteful expenditure of Nu.1.550 million on procurement and installation of IT equipment and software for the Royal Institute for Tourism and Hospitality in Motithang. The software had not been utilized even once. (AIN: 14100; Para: 3; Accountabilities: Direct: Sonam Tshering, Sr. Instructor, EID No.:200309021; Supervisory: Dakar Dorji, Principal, EID No.:200201258)

Status: Para remained resolved.

4.4.7. Thromde Administration, Phuentsholing

Out of three unresolved significant irregularities without financial quantification reported to the Parliament in April 2018, the Thromde Administration, Phuentsholing had not resolved any irregularities as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament March 2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Mismanagement	-	-	-	-
	Total	-	-	-	-

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

1. Mismanagement

1.1 Diversion of fund for study tour and irregularities thereof

The Thromde Administration, Phuentsholing had diverted a sum of Nu. 3.100 million meant for consultancy service of construction of the vegetable market shed, and utilized it for a study tour to Bangkok and Malaysia, without obtaining prior approval from Ministry of Finance. The decision to divert funds was taken during the 15th Thromde Tshogde, where it was also decided that the planning and design works for vegetable sheds be conducted in-house. (AIN: 14078; Para: 1; Accountabilities: Direct: Tsheten Dorji, Ex-Thrompon, CID. No. 10203444434; Supervisory: Uttara Kumar Rai, Thrompon, CID. No. 10211001285)

Status: Para remained unresolved.

1.2 Rush of expenditure at the close of year

The Thromde Administration, Phuentsholing had utilized a sum of Nu. 2.163 million on an ad-hoc ex-country training availed without prior approval from Ministry of Finance to avoid lapse of funds at the end of financial year. Nu.0.231 million was spent on air tickets, Nu.1.244 million on course fees for study tours and Nu.0.688 million for DSA. (AIN: 14078; Para: 2; Accountabilities: Direct: Tsheten Dorji, Ex-Thrompon, CID. No. 10203444434; Supervisory: Uttar Kumar Rai, Thrompon, CID. No. 10211001285)

Status: Para remained unresolved.

1.3 Expenditure incurred for hiring two consultants from Thailand to Malaysia

The Thromde Administration, Phuentsholing had hired Sirpatum University in Thailand to conduct a training on “Fresh Fruits and Vegetables Market Management” in Thailand and Malaysia at a cost of USD 19,279.00. The Thromde Administration had paid for the two trainings separately, i.e. USD 9,565.00 for Thailand and USD 9,714.00 for Malaysia, inclusive of the program fee of USD 4,500.00.

However, USD 3,840.00 of the total cost pertained to cost of air tickets, subsistence allowances, hotel charges and miscellaneous expenses for hiring two staffs of Sirpatum University from Thailand to Malaysia for four days. (AIN: 14078; Para: 5; Accountabilities: Direct: Tsheten Dorji, Ex-Thrompon, CID. No. 10203444434; Supervisory: Uttar Kumar Rai, Thrompon, CID. No. 10211001285)

Status: Para remained unresolved.

4.4.8. Bhutan Council for School Examinations and Assessment

The Bhutan Council for School Examinations and Assessment had unresolved irregularity of Nu.0.629 million reported to the Parliament in April 2018, which had remained unresolved as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	0.629	-	0.629	-
	Total	0.629	-	0.629	-

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

1. Shortfalls, lapses and deficiencies – Nu. 0.629 million

1.1 Irregularities in printing of documents for private schools - Nu. 0.629 million

The Bhutan Council for School Examinations and Assessment had borne the costs of printing of confidential documents and transportation charges of Nu. 0.629 million for the 38 private schools from the RGoB fund without Government directives or approval. The RAA had advised the BCSEA to take up the issue with the Ministry of Education for appropriate decisions on the applicability of the support to the private schools keeping in view that all private schools are commercial in their nature of running the schools. However, decisions of the Ministry if any has

not been forthcoming. (AIN: 14132; Para 1; Accountabilities Direct & Supervisory: Tenzin Dorji, Secretary, EID No.9208100)

Status: Para remained unresolved.

4.5. CORPORATIONS

4.5.1. Bhutan Power Corporation Limited

The Bhutan Power Corporation Limited had unresolved significant irregularity of Nu.38.249million reported to the Parliament in April 2018, which had remained unresolved as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 31/03/2018	% Resolved
1	Violation of Laws and Rules	38.249	-	38.249	0
	Total	38.249	-	38.249	

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

1. Violation of Laws and Rules – Nu. 38.249 million

1.1 Grant of unwarranted time extension and resultant Liquidated damages - Nu.38.249 million

The Bhutan Power Corporation Limited, Phuentsholing had not levied 10% liquidated damages amounting to Nu.38.249 million on the contractor for unwarranted grant of time extensions in the construction of '220KV Transmission Line from Malbase to Samtse'. The project management had granted four time extensions to the contractor, which had delayed the completion of project by 786 days. The fourth time extension was found inadmissible as the hindrances were due to contractor's own negligence and incompetence. (AIN: 14211; Para: 1.3; Accountabilities: Direct: Ugyen Dorji, Sr. Project Manager, CID No. 10203001794, EID No. 30001000; Supervisory: Shamsher Pradhan, Associate Director, CID No. 21213000770, EID No. 30000643)

Status: Para remained unresolved.

4.5.2. Dungsam Cement Corporation Limited

Out of the total unresolved significant irregularities of Nu.10.494million reported to the Parliament in April 2018, the Dungsam Cement Corporation Limited had not resolved any irregularities as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Fraud, Corruption & Embezzlement	-	-	-	-
2	Mismanagement	5.985	-	5.985	-
3	Violations of laws and rules	0.494	-	0.494	-
4	Shortfalls, lapses and deficiencies	4.015	-	4.015	-
	Total	10.494	-	10.494	

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

1. Fraud, Corruption and Embezzlement

1.2 Tampering of bill and adding an additional item

The Dungsam Cement Corporation Limited, Nganglam had a case of tampered documents where *Bill No.391* dated 10th June 2011 was inflated by Nu.0.026 million by adding 480 kgs of 32mm TMT Bar in *Challan No.450* dated 10th June 2011. There was no supply order for the additional quantity from DCCL, nor was it reflected in the supplier's copy of the 'Tally Accounts' obtained for validation of the above purchase.

The management reported of having recovered the amount and compulsorily retired the supervising official (GM, Works). Actions against direct accountable official (Assistant Store Officer) is awaited. (AIN: 13705; Para: 23; Accountabilities: Direct: Karma Phuentsho, CID No. 10103002308; Supervisory: Sonam Wangchuk, GM(W), CID No. 11303000556)

Status: Para remained unsettled. As per the minutes of the audit review meeting held on 6/04/2018 at DCCL, Nanglam appropriate action needs to be taken against the officials held accountable.

2. Mismanagement – Nu. 5.985 million

2.1 Non-levy of penalty for excess ash and moisture content in coal - Nu. 5.985 million

The Dungsam Cement Corporation Limited, Nganglam had not levied penalties amounting to Nu. 5.985 million against M/s Dhenjyud Enterprise for excess content of moisture and ash in coal which did not meet preset quality control parameters during 2013 and 2015. Nu. 0.148 million was recovered from the total penalty of Nu. 6.133 million, leaving a balance of Nu.5.985 million. (AIN: 13705; Para: 1.2; Accountabilities: Direct: Bikash Tirwa, CID No. 11803000638; Rinchen Dorji, Sec. Head, Raw Material, CID No. 11203001300; Supervisory: Sonam Wangchuk, GM (W), CID No.11303000556)

Status: Para remains unsettled. As per the minutes of the audit review meeting held on 6/04/2018 at DCCL, Nanglam appropriate action needs to be taken against the officials held accountable.

3. Violation of Laws and Rules: Nu.0.494 million

3.1 Rejected materials not replaced and amount not recovered

The Dungsam Cement Corporation Limited, Nganglam had instances of materials and spares worth Nu.0.494 million rejected in November and December 2015 for not meeting the requisite specifications mentioned in the supply orders. While the management made 100% advance payments for such orders, there were no provisions available for levying penalties for delays or non-delivery of materials. The management had neither ensured replacement of rejected materials nor was the cost recovered. (AIN: 14125; Para: 2.2; Accountabilities: Direct: Tenzin Dorji Purchase Assistant, EID 41, CID No. 10716000542; Supervisory: Pema Choki, Asst. PO, EID. No. 73, CID No. 11203001299)

Status: Para remained unresolved.

4. Shortfalls, Lapses and Deficiencies – Nu. 4.015million

4.3 Excess/Over payment - Nu.0.581million

- b) The Dungsam Cement Corporation Limited, Nganglam had made over payments amounting to Nu. 0.796 million due to inflated claim of quantities for ceiling works executed in the construction of 10 Units temporary accommodations for employees. (AIN: 14125; Para: 1.1; Accountabilities: Direct: Chimi Wangchuk, Civil Engineer, EID No. 332, CID No. 10102002165; Supervisory: Sonam Wangchuk, GM(W), EID No. 26, CID No. 11303000556)

Status: Para remained unresolved. As per the review report No. RAA(AR-146)OAG-SJ/DCCL-2016/2017/298 dated 12/10/2017, the amount was corrected to Nu. 0.698 million out of which 0.116 has been recovered by DCCL, Nanglam. The balance recoverable amount stands at Nu. 0.581million as per review report No. RAA/OAG-SJ(AR-146)DCCL-Nganglam/2018/806 dated 12/03/2018.

Further as per the minutes of audit review meeting held on 6/04/2018 at DCCL, Nanglam, Dungkhag Court, Nganglam has pronounced a verdict ordering the contractors involved to refund the excess amount to DCCL as per the deadline set out in the court verdict. The DCCL assured that the para will be settled at the end of August 2018 and the same will be communicated to the RAA.

4.4 Missing documents for payments made – Nu. 3.367 million

- b) The Dungsam Cement Corporation Limited, Nganglam did not have supporting documents for payments involving Nu.2.923 million pertaining to M/s Sharma Hardware Stores, Phuentsholing for the procurement of cement. (AIN: 13705; Para: 11.1; Accountabilities: Direct: Lt. Sangay Tshering, AFO, CID No. 11410003558; Jigme Tshewang, Head Finance, CID No. 11101003631; Supervisory: Tshering Tenzin, GM (C), CID No. 10103002448)

Status: Para remained unresolved. As per the minutes of the audit review meeting held on 6/04/2018 at DCCL, Nanglam the 20th BAC had instructed the internal audit to reconcile the records with those maintained at Customs Office based at Rinchenbag Gate and the internal auditors were conducting reconciliation. The results are to be communicated to the RAA for further review.

- c) The Dungsam Cement Corporation Limited, Nganglam did not have supporting documents for payments involving Nu.0.444 million on account of transportation charges for cement paid to M/s Sharma Hardware Stores, Phuentsholing. (AIN: 13705; Para: 11.2;

Accountabilities: Direct: Lt. Sangay Tshering, AFO, CID No. 11410003558; Jigme Tshewang Head Finance, CID No. 11101003631; Supervisory: Tshering Tenzin, GM (C), CID No. 10103002448)

Status: Para remained unresolved. As per the review report No.RAA/OAAG-SJ/AR-146/DCCL-Nganglam/2018/806 dated 12/03/2018 proper record and documents of the assets such as Santafe and 30 decimal land to be transferred in the name of the company were not received by the RAA.

4.5 Inadmissible payment of VAT - Nu. 0.067 million

The Dungsam Cement Corporation Limited, Nganglam had made inadmissible payments amounting to Nu. 0.067 million on account of VAT for procurement of cement from M/s Sharma Hardware Store, Phuentsholing. The case is subjudice. *(AIN: 13705; Para: 20; Accountabilities: Direct: Lt. Sangay Tshering, CID No. 11410003558; Jigme Tshewang CID No. 11101003631; Supervisory: Tshering Tenzin, GM (C), CID No. 10103002448)*

Status: Para remained unresolved. The case has been appealed to Dzongkhag Court, Pemagatshel against the verdict of Dungkhag Court, Nganglam and remained subjudice.

4.5.4. Natural Resources Development Corporation Limited

Out of the total unresolved significant irregularities of Nu.5.301million reported to the Parliament in April 2018, the Natural Resources 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 as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Mismanagement	3.164	-	3.164	0
2	Shortfalls, lapses and deficiencies	2.137	-	2.137	0
	Total	5.301	-	5.301	

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

1. Mismanagement - Nu. 3.164 million

1.1 Shortage of the crushing stones at Goanti River Site, Jomotsangkha - Nu. 3.164 million

The Natural Resources Development Corporation Limited, Monggar had shortages of 973,480.00 cft of crushing stones worth Nu. 3.164 million at Golati River site in Jomotshangkha. The raw materials collections, breaking and loading was tendered for 1,230,000 cft of stones @ Nu. 3.25 per cft and payments of Nu. 3.996 million was also made to the contractor, M/s. Gawainyima Construction, Thimphu. However, as worked out by the team from Department of Geology & Mines the quantity of stones physically available at site was only 256,520 cft as against the tendered quantity of 1,230,000 cft with resultant shortage of 973,480.00 cft worth Nu. 3.164 million. The case is subjudice. *(AIN: 13988; Para: 1; Accountabilities: Direct: Ugyen Dhendup, EID No.: 10503004243; Supervisory: Ngawang Denden, RM, EID No.: 10802000718)*

Status: Para remained unresolved.

Shortfalls, lapses and deficiencies

2.2 Outstanding advances - Nu. 2.137 million

The Natural Resources Development Corporation Limited, Monggar, had overdue outstanding PW advances amounting to Nu. 2.286 million against staff and contractors. (AIN: 13988; Para: 3; Accountabilities: Direct: Gyem Dorji, FA, CID No. 10603001158; Supervisory: Tandin Wangchuk, Regional Manager, EID No. NRDCL/2212202, M.D. Tamang, Ex-Regional Manager, CID No. 11301000002)

Status: Para remained unsettled as the balance amount of Nu.2.137 million reported in April 2018 was not recovered/adjusted.

4.5.5. Penden Cement Authority Limited

Out of the total unresolved significant irregularities of Nu.1.038million reported to the Parliament in April 2018, the Penden Cement Authority Limited had not resolved any irregularities as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	1.038	-	1.038	0
	Total	1.038	-	1.038	

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

1. Shortfalls, lapses and deficiencies - Nu. 1.038 million

1.1 Non-levy of liquidated damages – Nu. 1.038 million

a) The Penden Cement Authority Limited, Gomtu had not levied Liquidated Damages amounting to Nu. 0.908 million against the supplier, M/s Manna Engineering Company, Kolkata for failing to deliver the 'NDC Fan' even after granting two time extensions and expiry of the same. The delivery date of 30th April 2015 was revised to 28th February 2016 and later to 30th April 2016. The management had approved for time extension the first time as the item did not meet specifications and was rejected, however the second time extension did not have proper justifications. (AIN: 13820; Para: 2; Accountabilities: Direct: Karma Chhogyel, Purchase Officer, CID No: 11107000437, Corporation EID No: 00481; Supervisory: Karma Chhogyel, Purchase Officer, CID No: 11107000437, Corporation EID No: 00481)

Status: Para remained unresolved.

b) The Penden Cement Authority Limited, Gomtu had not levied Liquidated Damages amounting to Nu. 0.130 million against the supplier, M/s Manna Engineering Company, Kolkata for failing to deliver spare parts as per specification and on time even after granting time extension. (AIN: 13820; Para: 3; Accountabilities: Direct: Karma Chhogyel,

Purchase Officer, CID No: 11107000437, Corporation EID No: 00481; Supervisory: Karma Chhogyel, Purchase Officer, CID No: 11107000437, Corporation EID No: 00481)

Status: Para remained unresolved.

4.5.6. National Housing Development Corporation Limited

The National Housing Development Corporation Limited had resolved significant irregularity of Nu.0.157 million reported to the Parliament in April 2018, as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	0.157	0.157	-	100
	Total	0.157	0.157	-	

The detailed status of unresolved irregularities reported to the Parliament in April 2018 and resolved thereafter is as discussed below:

1. Shortfalls, lapses and deficiencies

- b) The National Housing Development Corporation Limited had made inadmissible payments amounting to Nu.0.157 million to contractor for unexecuted works in the construction of railing, plinth protection & drain at Royal Institute of Management, Semtokha. The total contract package was awarded at a cost of Nu.1.315 million. The case is subjudice. *(AIN: 13547; Para: 2; Accountabilities: Direct: Tshering Penjor, Executive Engineer, EID No. 200201128, CID No. 114050000982; Supervisory: Karchung, General Manager, EID No. 200301031, CID No. 11107003035)*

Status: Para settled as the amount was recovered and deposited at NHDCL as per letter No. NHDCL/MD/2018/2462 dated 28.9.2018.

4.5.9. Bhutan Telecom Limited

The Bhutan Telecom Limited had resolved significant irregularity of Nu.0.096 million reported to the Parliament in April 2018 as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	0.096	0.096	-	100
	Total	0.096	0.096	-	

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

1. Shortfalls, Lapses and Deficiencies

1.1 Excess payment due to non-deduction of columns in superstructure works - Nu.0.096 million

The Bhutan Telecom Limited, Corporate Office, Thimphu had made excess payment of Nu.0.096 million to contractor in the construction of Staff Quarters at Samtse due to non-deduction of columns in the superstructure works. The building constructed at a cost of Nu.11.377 million also had defects in the plumbing works, aluminum window fittings, and drainage works. The case is under arbitration. (AIN: 13956; Para: 3; Accountabilities: Direct: Pema Wangdi, Site Engineer, SWR, CID No.: 11503000733, PN: 547; Supervisory: Mon Bdr. Tamang, RM, CR, CID No.:20211001323 PN: 155)

Status: Para settled as the rectification works has been completed as intimated by the BTCL vide letter No. Bt/Adm/2018/950 dated 13/09/2018.

4.5.10. Food Corporation of Bhutan Limited

Out of two unresolved significant irregularities without monetary value reported to the Parliament in April 2018, the Food Corporation of Bhutan Limited had resolved one irregularity leaving a balance of one irregularity unresolved as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Mismanagement	-	-	-	-
2	Shortfalls, lapses and deficiencies	-	-	-	100
	Total	-	-	-	

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

1. Mismanagement

1.1 Shortage of Nu. 3.306 million from service charge collections

The Food Corporation of Bhutan Limited, Phuentsholing had a case of Nu.3.306 million misused by the cashier from the total service charge collections of Nu.54.161 million made from hire of auction yards to sellers and buyers of vegetable products. The case, initially detected by the Internal Audit Unit was forwarded to the Phuentsholing Drungkhag Court and is currently subjudice. (AIN: 13722; Para: 3.2; Accountabilities: Direct: Tshering Deki, Cashier, EID No. 909929/CID No. 10601002309; Supervisory: Purna B. Tamang, Complex Manager, EID No. 810068/CID No.11308003138)

Status: Para remained unresolved. It has been reported that the case is subjudiced in Dungkhag Court, Phuntsholing.

2. Shortfalls, Lapses and Deficiencies

2.1 Damaged product not claimed

The Food Corporation of Bhutan Limited, Depot, Trashigang while disposing-off damaged stock and promotional items as per directives from Head Quarters, had failed to raise product claims against non-promotional items. (AIN: 13738; Para: 2; Accountabilities: Direct: Rinzin, Depot In-charge, CID No. 10702001816; Supervisory: Rinzin, Depot In-charge, CID No. 10702001816)

Status: Para was resolved vide review report No.RAA/OAAG-SJ/FCBT/gang(AR-160)/2018/867 dated 29/03/2018.

4.6. FINANCIAL INSTITUTIONS

4.6.1. Royal Insurance Corporation of Bhutan Limited

The Royal Insurance Corporation of Bhutan Limited had one unresolved significant irregularity of Nu.19.388 million reported to the Parliament in April 2018, which had remained unresolved as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	19.388	-	19.388	-
	Total	19.388	-	19.388	-

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

1. Shortfalls, lapses and deficiencies - Nu. 19.388 million

1.1 Outstanding claims payable on account of Motor, Fire and Miscellaneous insurance to various parties - Nu. 19.388 million

The Royal Insurance Corporation of Bhutan, Regional Office, Phuentsholing had overdue outstanding claims amounting to Nu. 19.388 million payable to clients on account of Motor, Fire and Miscellaneous insurance policies claims. (AIN: 13495; Para: 1; Accountabilities: Direct: Thinley Dorji, Head, Claims Division, CID No. 10709001787; Supervisory: Tashi Tenzin, Head General Department, CID No. 10715000902)

Status: Para remained unresolved.

4.6.1. Bank Development Bhutan Limited

Out of the total unresolved significant irregularities of Nu.1.024million reported to the Parliament in April 2018, the Bank Development Bhutan Limited had resolved two irregularities without monetary value leaving balance Nu.1.024 million as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Mismanagement	0.959		0.959	-
2	Violation of laws and rules	-	-	-	100
3	Shortfalls, lapses and deficiencies	0.065	-	0.065	-
	Total	1.024	-	1.024	-

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

1. Mismanagement – Nu.0.959 million

1.1 Sanction of loans to fictitious Clients - Nu. 0.164 million

The Bhutan Development Bank Limited, Zhemgang had 12 cases of loans sanctioned to fictitious clients. There was an outstanding amount of Nu. 0.237 million against a sanctioned amount of Nu. 0.164 million. *(AIN: 13713; Para: 1; Accountabilities: Direct: Namgay Tenzin, Manager, CID No. 11008002353; Supervisory: Namgay Tenzin, Manager, CID No. 11008002353).*

Status: Para remained unresolved.

1.2 Disbursement of loans to inactive member of NPPF clients – Nu. 0.795 million

- a) The Bhutan Development Bank Limited, Zhemgang had disbursed Government Employee loans amounting to Nu.0.100 million to two inactive members of the NPPF in violation to the prescribed loan disbursing norms and procedures. *(AIN: 13713; Para: 3; Accountabilities: Direct: Namgay Tenzin, Manager, CID No. 11008002353; Supervisory: Namgay Tenzin, Manager, CID No. 11008002353).*

Status: Para remained unresolved as the balance Nu.0.050 million reported in April 2018 was not settled.

- b) The Bhutan Development Bank Limited, Panbang, Zhemgang had disbursed Government Employee loans amounting to Nu.0.695 million to three inactive members of the NPPF in violation to the prescribed loan disbursing norms and procedures. *(AIN: 13714; Para: 2; Accountabilities: Direct: Pema Youden, Branch Assistant, CID No.11608002935; Karma Dendup, Branch Assistant, CID No.10905001513; Supervisory: Jamyang Tenzin, Manager, CID No. 12008002350)*

Status: Para remained unresolved.

2. Violations of Laws and Rules

2.2 Unrealistic categorization of loans and its negative impact to the Profit and Loss Account

The Bhutan Development Bank Limited, Monggar had unrealistic categorization of loans. Loans which should have been categorized as ‘Doubtful Exposure’, ‘Substandard’ and ‘Watch’ were all unrealistically categorized as ‘Loss exposure’ which resulted into the overstatement of provision aggregating to Nu.0.096 million, Nu.0.315 million, and Nu.0.217 million under the above

categories respectively and thereby also reduced the annual reported profit of BDBL. (AIN: 14034; Para: 3(3.1, 3.2, 3.3); Accountabilities: Direct: Pema Dorji, EID No.0334; Rinzin Wangmo, EID No.0341; Kezang Choden, EID No.0622; Jigme Tshering, EID No. 0425; Taara Bir Ghalley, EID No.0381, Tshewang Tashi, EID No.0465; Sangay Dorji, EID No.0562; Supervisory: Tshewang, Branch Manager, EID. No.0171)

Status: Para was settled vide letter No.BDBL/MGR-17/2017/0080 dated 21.01.2017.

3. Shortfalls, lapses and deficiencies – Nu.0.065 million

3.1 Defaulted loans pending litigation

The Bhutan Development Bank Limited, Main Branch Office, Thimphu had not taken legal actions against 490 cases of defaulted loan accounts from 1991 to 2015. A total sum of Nu. 623.56 million remains outstanding against a total sanctioned amount of Nu. 671.22 million from clients. The bank reported of having regularized 283 loan accounts leaving a balance of 207 loan accounts. (AIN: 14120; Para: 2; Accountabilities: Direct: Sangay Dorji, Chief Branch Manager, CID No. 11410000258; Supervisory: Sangay Dorji, Chief Branch Manager, CID No. 11410000258)

Status: Para remained unresolved. Follow-up Report was issued vide letter No.RAA/FUCD/BDBL/2018/2597 dated 6/9/2018.

3.2 Defaulted Housing Loan Account

The Bhutan Development Bank Limited, Head Office, Thimphu had a case of seriously defaulted Housing Loan Account, the outstanding loan amounted to Nu. 24.548 million. Upon failure to regularize the loan amount by client, the legal department proceeded to auction the collateral securities to liquidate the loan outstanding. The auction was able to fetch only Nu.18.500 million. As per the BDBL system a balance outstanding loan amount of Nu. 0.917 million was reflected and categorised as loan without collaterals. (AIN: 13496; Para: 7; Accountabilities: Direct: Tashi Choiphel, Legal Assistant, CID No. 11410000991; Mindu Lhamo, Project Officer, CID No. 11006000745; Supervisory: Kuenzang Thinley, Company Secretary, CID No. 11902000445)

Status: Para remained unresolved. Follow-up Report was issued vide letter No.RAA/FUCD/BDBL/2018/2597 dated 06.09.2018.

3.3 Clients not notified of dormant/matured accounts

- a) The Bhutan Development Bank Limited, Bumthang had not notified respective account holders and informed them that their Savings Accounts were becoming dormant due to lack of transactions as required by BDBL Banking Manual 2011. (AIN: 13943; Para: 2; Accountabilities: Direct: Tashi, Branch Manager, EID No. 0169; Supervisory: Tashi, Branch Manager, EID No. 0169)

Status: Para remained unresolved.

- b) The Bhutan Development Bank Limited, Trashigang had not notified respective account holders and informed them that their bank accounts had become dormant due to lack of transactions as required by BDBL Banking Manual 2011. (AIN: 13716; Para: 1; Accountabilities: Direct: Dhendup Namyel, CID No. 10104001141, EID No. 0112; Tenzin Wangchuk, CID No. 12004001324, EID No. 0339; Lungten Jamtsho, CID No. 10906000544,

EID No. 0441; Nidup Dorji, CID No. 11510000993, EID No. 0539; Sonam Gyeltshen, CID No. 11101001563, EID No. 0537; Dawa Tshering, CID No. 10907002426, EID No. 0568; Sonam Lungchen, CID No. 10903000472, EID No. 0335; Supervisory: Namgay Rinchen, CID No. 1100200408, EID No. 0141, Sr. Branch Manager)

Status: Para remained unresolved.

- c) The Bhutan Development Bank Limited, Wangdue had 1,542 dormant accounts with balances amounting to Nu.6.476 million. The branch office had neither closed nor transferred the balance amounts from accounts dormant for more than 3 years to the RMA as stipulated in the BDBL Bank Manual 2015. (AIN: 14033; Para: 3; Accountabilities: Direct: Kumari Sharma, Manager, CID/EID No. 11110000206/0216; Wangda, Project Officer, CID/EID No. 10741111457/0085; Chencho Pem, Project Officer, CID/EID No. 10806000103/0399; Sonam Choden, Asst. Project Officer, CID/EID No. 11006000874/0400; Sangay Lhamo, Branch Asst., CID/EID No. 11503003162/0516; Pema Tenzin, Branch Asst. CID/EID No. 10604000378/0559; Sonam Dekar, Branch Asst. CID/EID No. 11903003031/0605; Cheku Wangchuk, Branch Asst. CID/EID No. 10906001033/0629; Supervisory: Tenzin Wangdi, Branch Manager, CID/EID No. 11107001127/0033)

Status: Para was resolved based on justification and document submitted vide letter No. BDBL/WP-01/2018/309 dated 07.06.2018 as the dormant accounts were activated.

3.4 Less commission charged for performance guarantee issued - Nu.0.065 million

The Bhutan Development Bank Limited, Trashigang had discrepancies in levying charges for issue of Performance Guarantee. The bank had charged less commission than the approved 2% as per Bank's circular and had not/short collected Nu.0.065million. (AIN: 13716; Para: 4; Accountabilities: Direct: Dhendup Namyel, CID No. 10104001141, EID No. 0112, Tenzin Wangchuk, CID No. 12004001324, EID No. 0339, Lungten Jamtsho, CID No. 10906000544, EID No. 0441, Nidup Dorji, CID No. 11510000993, EID No. 0539, Sonam Gyeltshen, CID No. 11101001563, EID No. 0537, Dawa Tshering, CID No. 10907002426, EID No. 0568, Sonam Lungchen, CID No.10903000472, EID No. 0335; Supervisory: Namgay Rinchen, CID No. 1100200408, EID No. 0141, Sr. Branch Manager)

Status: Para remained unresolved.

4.6.4. Bank of Bhutan Limited

The Bank of Bhutan Limited had not resolved unrealized irregularity reported to the parliament in April 2018 as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (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 unresolved irregularities reported to the Parliament in April 2018 which remained unresolved as on 30/09/2018 is as discussed below:

1. Shortfalls, lapses and deficiencies

1.1 Investment without looking at going concern issues and viability of the project

The Bank of Bhutan Limited, Corporate Office, Thimphu had invested Nu. 175.425 million in two projects M/s Golden Resort and M/s View Point Resort without exercising due diligence in verifying the viability of projects and in ensuring sound legal aspects. Both projects had serious going concern issues. The bank has reported that in the case of M/s Golden Resort, based on the court verdict the bank has realised the primary securities, and initiated auction of secondary securities. In case of M/s View Point Resort, the case is under review by the ACC. (AIN: 14054; Para: 2; Accountabilities: Direct: Dophu Dorji, Chief Corporate and Private Banking, CID No. 10103000520; Karma Dema, Chief Credit Officer, CID No. 11311001206; Supervisory: Karma Dema, Chief Credit Officer, CID No. 11311001206)

Status: Para remained unsettled as the issue pertaining to View Point Resort has not been settled yet.

4.7. NON-GOVERNMENTAL ORGANISATIONS

4.7.1. Association of Bhutanese Tour Operators

The Association of Bhutanese Tour Operatorshad unresolved significant irregularity of Nu.12.864million reported to the Parliament in April 2018, which had remained unresolved as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Shortfalls, lapses and deficiencies	12.864	-	12.864	-
	Total	12.864	-	12.864	-

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

1. Short falls, lapses and deficiencies – Nu.12.864 million

1.1 Annual subscription fees remaining outstanding - Nu.12.864 million

The Association of Bhutanese Tour Operators, Thimphu had overdue outstanding Annual Subscription Fees amounting to Nu.12.864 million receivables from members for three years from 2013 to 2015. (AIN: 13934; Para: 1; Accountabilities: Direct: Tek Bhadur Khatiwara, Programme Officer, CID No. 10304002525; Supervisory: Sonam Dorji, Executive Director, CID No. 114010003923)

Status: Para remained unresolved. Reminder was sent vide letter no.RAA/FUCD(F3)ABTO/2018/2668 dated 10/09/2018.

AUDIT REPORT ON JOINT AUDIT OF HYDROPOWER PROJECTS

5.1. Punatsangchhu-II Hydroelectric Project Authority

Out of the total unresolved significant irregularities of Nu.410.840million reported to the Parliament in April 2018, the Punatsangchhu-II Hydroelectric Project Authority had not resolved any irregularities as on 30/09/2018 as summarized below:

Sl. No.	Observation in brief	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
1	Inadmissible Construction Plant advance to the contractor	334.000	-	334.000	-
2	Non-construction of Catch Ways at Wangdue-Tsirang Primary National Highway	-	-	-	-
3	Excess expenditure on Muck Disposal	76.840	-	76.840	-
	Total	410.840	-	410.840	

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

5.1.3 Inadmissible Construction Plant advance to the contractor - Nu.334.000 million

The Punatsangchhu-II Hydroelectric Project Authority had made inadmissible payment of Nu. 334.000 million to the contractor as construction plant advance (CPA) for old and used equipment. There was no provisions mentioned in the contract documents for the admissibility of CPA on old and used equipment except that CPA will be provided for new equipment provided that equivalent amount of Bank Guarantee is submitted, hypothecated in favor of PHPA-II and that plants and equipment is insured for its value against all risk at contractor's cost.

The management stated that the contractor was allowed to induct the old and used equipment in order to expedite the work. *(AIN: 14137; Para A4; Accountabilities: Direct: K.L.Thakur, EE-II, WPN: 191903013416447; Rajender Singh, EE-I, WPN: 191906011538732; Davinder Singh, EE-HM, WPN: 191903017331675; Supervisory: R. K. Dogra, Dy. CE (DAM), WPN: 2238808)*

Status: *Para remained unresolved.*

5.1.5 Non-construction of Catch Ways at Wangdue-Tsirang Primary National Highway

The Punatsangchhu-II Hydroelectric Project Authority had not constructed Catch Ways at Wangdue-Tsirang Primary National Highway. The designated mucks dumping yards identified by the National Environment Commission (NEC) were at various locations of narrow deep gorges, fast flowing streams and high steep Terrain on Wangdue-Tsirang Highway. The previous Catch Ways constructed by the Department of Road were all filled up by mucks and were totally destroyed by the project activity. These dumping sites have now formed as check dams disallowing the free flow of streams into the river and there are high chances of forming pools and ponds in the long run creating disorder and inconvenience to the commuters and there are also high chances of destroying the permanent infrastructures built within the periphery of these sites.

The Project management has reported that the works are on-going and the drainage system will be provided upon completion of dumping activities. *(AIN: 14137; Para A8; Accountabilities: Direct: Sonam Wangchuk, Jr. Environment Officer, CID: 11913000995; Supervisory: Jigme Nidup, Dy. Chief Environment Officer, CID: 10710001805)*

Status: Para remained unresolved.

5.1.7 Excess expenditure on Muck Disposal - Nu.76.840 million

The Punatsangchhu-II Hydroelectric Project Authority had incurred excess expenditure of Nu. 76.840 million on muck disposal in C3 Package. As per Contract, 2,283 million cum of quantity of muck was to be disposed-off at the three approved dumped areas.

As per 6.1.1 of GCC, all rock materials shall be removed from the underground construction sites and disposed-off in 3 approved dumped areas. The Muck disposal (MD) sites (MD-12, MD-13, MD-6) were designated for 5 specific construction sites (BVC Portal, MAT/DSC Portal, Cable Tunnel Portal, TRT Adit and TRT Outfall). The distance approved in the designated MDs for disposal of muck/ rock materials from the construction sites to MD sites were ranged from 4.8 Km. to 0.60 Km. The capacity of three MDs fixed for the C3 package was much more than projected/actual disposed-off rock materials/muck in the concerned MDs. Despite approved length of distance from excavated sites to MD sites, contractor claimed the haulage charge for higher distance than the approved. The quantity of materials dumped was very less than that of capacity of MDs. PHPA-II paid the claims without any proper checking and restrictions in claimed distance and thereby incurred excess expenditure of Nu. 76.840 million.

Due to delay in taking up the approach road to MD-13, the whole planning of dumping of muck disposal at shortest distance was jeopardized and thereby dumping at longer distance of MDs was considered by the management, which led to an excess expenditure.

The Project management has accepted that there was no approach road to MD-13 and muck disposal had to be made at MD-12 and MD-6, entailing longer distance. (AIN: 14137; Para B2; Accountabilities: Direct: D.D Thakur, Suptdg. Engineer, WPN-191903013445472; Naveen Sharma, EE, WPN:2232462, Satish Thakur, EE, WPN:191906011584218; Supervisory: Thinley, CE(PH), CID:11503004510)

Status: Para remained unresolved.

5.2. Mangdechhu Hydroelectric Project Authority

Out of the total unresolved significant irregularities of Nu.29.250million reported to the Parliament in April 2018, the Mangdechhu Hydroelectric Project Authority had resolved irregularity. However, one irregularity without having monetary quantification remained unresolved as on 30/09/2018 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 31/03/2018 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2018	% Resolved
2	Appointment of local representative in Electro-mechanical Package works	-	-	-	-
3	Excess payment	29.250	29.25	-	100
	Total	29.250	29.250	-	

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

5.2.3 Appointment of local representative in Electro-mechanical Package works

The Mangdechhu Hydroelectric Project Authority (MHPA) had awarded Electro-Mechanical package EM-1 to M/s BHEL for the execution of CIF/CIP supply and Ex-Works supply of all equipment and materials including mandatory tools and tackles and mandatory spares for Nu. 5,162.728 million. Further, BHEL appointed M/s Bhutan Ventures Trading (BVT) as local representative for facilitating smooth execution of project as envisaged in the contract document @1.35% of the contract value with financial implication of **Nu. 69.697 million** [i.e. Nu. 5,162,727,803 x 1.35%] to the project. *(AIN: 14059; Para B1; Accountabilities: Direct:Kaushik Maulik, Chief Engineer, Work Permit No. 2263450; Supervisory: A.K Mishra, Managing Director, CID No. 1958375; Chenchu Tshering, Jt. Managing Director, CID No.: 0810000601; Praveen Nandwana, Director (Finance) CID No. 1959357)*

Status: *Para remained unresolved.*

5.2.4 Excess payment – Nu. 29.25 million

The Mangdechhu Hydroelectric Project Authority (MHPA) had made excess payment of Nu. 29.950 million to M/s. Jaiprakash Associates Limited for the C-1 package for Construction of Dam. The excess payment had occurred due to non-deduction of interest free advances including Special Advance while determining price adjustment in contravention to Clause 45 of the General Conditions of Contract.

The management reported of having recovered Nu. 9.200 million. *(AIN: 14059; Para B2; Accountabilities: Direct:R D P Kapri, Chief Engineer, CID No.: 171703011407098; Supervisory: R.K Chaudhary, Director (Technical), CID No.:171703277521100)*

Status: *Para was resolved as per the Part-III of Audit Report issued vide report ref. No.RAA/AR(05)/RTICD-MHEP/2018/2567 dated 5th September 2018.*
