

Big holes in Thimphu Thromde accounts: RAA report

May 11, 2020

Tshering Palden

The financial audit of Thimphu Thromde's current deposit account for the financial year 2018-19 revealed that the thromde had made excess, over, inadmissible payments and also payments for work not done to various contractors amounting to Nu 7.596 million in the construction and maintenance of roads, drains and footpaths.

The report points out major lapses on the part of the thromde's engineering section for which the thromde's Chief Engineer was held accountable.

Gross negligence on the part of site engineer, Assistant Engineer in rendering proper monitoring and supervision had resulted in payment for works not done, payment not regulated as per drawings and over or excess payment amounting to Nu 4.865 million for development of Olakha Workshop, Thimphu.

As per the drawings, 100mm thick rigid pavement was to be provided on the existing granular sub-base (GSB) and Wet mix macadam (WMM). The bill of quantities (BOQ) showed only 57.38 cubic metres (cum) of GSB on the existing road. Contrary to the drawings and the BOQ, the contractor billed 1,519.42 cum of GSB which was 2,547.99 percent above the BOQ. The site engineer told auditors that 150mm GSB was actually provided as sub-base for the rigid pavement.

Auditors' cross-verification of measurement recorded in contractor's bill with that of actual construction at the site showed overpayment of Nu 1.441M.

The length of road with 150mm thick GSB along the river site measured only 360 meters against 660 meters recorded in contractor's first running bill. The measurement was multiplied twice to overstate the quantities in the contractor's bill, the report stated.

"The measurement of 75mm thick GSB recorded in the second and fifth running bill on the same stretch of road was a payment for non-execution of work. The management of Thimphu Thromde besides recovering the overpayment should furnish justification for such lapses," the report stated.

The thromde in its response to the RAA stated that regarding the excess measurement of the work, 50 percent of the bill was not paid and it would be recovered from it.

"Based on the response, it appeared that overpayments had occurred apparently due to failure of the Site Engineer and the Supervising Engineer to exercise necessary checks on the admissibility and correctness of amounts claimed by the contractor," auditors reported.

They said the overpayment was a clear indication of the existence of weak internal controls over the measurements of work executed, verifications and settlement of bills.

The measurement for 100mm thick rigid pavement along the riverside workshop area was found recorded in the second and fifth running bills. The cross verification of measurement recorded in the contractor's bill with that of actual construction showed overpayment of Nu 1.294M.

The total length of pavement in the contractor's bill was reflected as 450 meters. However, physical verification showed the pavement was only 240 metres of 100mm resulting in an overstatement of rigid pavement length by 210 meters.

Thromde in its response acknowledged that the precast edging was not provided in rigid pavement upon verification. "Therefore, it may be recovered from contractors retention money which is still withheld with the department. Also, 50 percent of the second running bill is deducted and withheld," thromde's response to the audit observation stated.

The precast concrete edging claimed and paid to the contractor was for 319.20 cum. However, 73.26 cum was done resulting in an overstatement of quantities by 245.94 cum worth Nu 888,074.

"The management of Thimphu Thromde besides recovering the overpayment should furnish justification for such lapse," the audit report stated.

"The precast edging was provided in footpath but the contractor has cast the edging of the road together with the rigid pavement. The amount of Nu 888,074.90 will be recovered from the contractor," the thromde responded.

Another finding was the inadmissible payment for paver interlocking tiles amounting to Nu 0.256M where the contractor claims for work not done.

Thromde reasoned saying that the GSB was laid over the stone soling as the surface of the footpath was on marshy land. "And the stone soling and the PCC sinks underneath if the surface is not lifted. Further, it was included in the BoQ and estimate. Therefore, the contractors have claimed the bill as per the BoQ."

The auditors stated that: "The drawing of the footpath do not depict the item Providing and Laying GSB over the stone soling and PCC though included in the BoQ. Further destruction test revealed that GSB was not laid at sites."

The auditors also found an overpayment in the execution of new road, drainage and footpath work amounting Nu 609,252.

The thromde had also paid the contractor for a wall measuring 9.4 meters which was not actually constructed worked out to Nu 118,806.

Thromde's response stated that the wall was constructed at the endpoint. "But later due to disputes among the land commission, Thromde and landowners, later the wall was dismantled."

However, the auditors stated that the site engineer during joint physical verification of site had accepted the payment was made without the wall actually constructing the wall. "Further, the undisturbed land profile indicates no wall was constructed at sites," auditors stated.

The RAA also asked the thromde to recover an overpayment in development of road amounting to Nu 256,625 and recover the outstanding advance of Nu 450,000 which the thromde had not collected from the contractor before suspending the work.

The thromde stated that the liquidation of outstanding advances would be recovered from the 10 percent retention money and 50 percent deduction that is with the thromde.

The financial audit report was released to select heads in the finance ministry, thromde, and the works and human settlement ministry on April 20.

The auditors also found that footpath constructed along river Olarongchu remained under-utilised or partially used, and newly constructed granular sub-base (GSB) and rigid pavement at Olakha workshop was found damaged resulting in wasteful expenditure amounting Nu 2.767M.

Another major audit finding was the payment aggregating to Nu 2.73M made to the contractor without proper verification of works resulting in over or excess payments and payments without executing the works for construction of monk's resident cum kitchen-dining block at Changangkha Lhakhang.

The audit exit meeting could not be held owing to the risks of Covid-19 pandemic, the RAA finalize the report based on the replies submitted by the thromde. The RAA has reviewed the replies, and out of 60 audit findings, 22 findings were settled in view of justifications and related supporting documents and evidence provided.

The thromde also submitted the accountability statement from the management and the observations against which no accountability was provided were fixed on concerned individuals, and supervisory accountability on the head of the thromde.

The thromde has to submit an action taken report (ATR) in three months.