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**ROYAL AUDIT AUTHORITY**

*Bhutan Integrity House*

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



RAA/AG-SP/03/2020-21/ 170

Date: 19/10/2020

The Hon'ble Speaker  
National Assembly of Bhutan  
Gyalyong Tshokhang  
Thimphu.

**Subject: Review Reports of Annual Audit Reports 2010 - 2017 and AAR 2018**

Your Excellency,

The RAA is pleased to submit two sets of the Review Reports of Annual Audit Report 2010 to 2017 & Review Report of AAR 2018 for Your Excellency's kind perusal. The reviews of all the past Annual Audit Reports were conducted in line with Section 119 to 123 of the Audit Act of Bhutan 2018.

These reports have been finalized giving due considerations to the actions taken by the agencies as of 30 September 2020 based on numerous follow-ups carried out by the Royal Audit Authority at various levels, viz. Audit Teams, Regional Offices, Follow-Up & Clearance Division, Follow-Up Committee of RAA and Public Accounts Committee.

Out of the total unresolved irregularities of Nu.3,402.205 million reported to the 2<sup>nd</sup> Session of the Third Parliament, the irregularities aggregating to Nu.1,617.022 million (47.53%) were resolved leaving a balance of Nu.1,785.183 million (52.47%) as on 30 September 2020 which are as summarized below:

Sl. No.	Particulars	Unresolved irregularities last reported (as on 30/11/2019) (Nu.in Million)	Irregularities resolved as on 30/09/2020 (Nu.in Million)	Balance irregularities as on 30/09/2020 (Nu.in Million)	Percentage of irregularities resolved as on 30/09/2020
1	AAR 2010	3.158	-	3.158	-
2	AAR 2011	189.750	0.143	189.607	0.08
3	AAR 2012	12.265	0.251	12.014	2.05
4	AAR 2013	16.224	12.228	3.996	75.37
5	AAR 2014	168.465	117.981	50.484	70.03
6	AAR 2015	298.610	201.882	96.728	67.61
7	AAR 2016	125.484	50.072	75.412	39.90
8	AAR 2017	211.992	142.893	69.099	67.40
9	AAR 2018	2,376.257	1,091.572	1,284.685	45.94
	<b>Total</b>	<b>3,402.205</b>	<b>1,617.022</b>	<b>1,785.183</b>	<b>47.53</b>

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

Looking forward to your Excellency's continued and kind support.

Yours respectfully,



(Ugyen Dorji)

**Acting Auditor General of Bhutan**

Copy to:

1. The Hon'ble Prime Minister of Bhutan, Gyalyong Tshokhang, Thimphu for kind information
2. The Hon'ble Chairperson, National Council of Bhutan, Thimphu for kind information
3. The Hon'ble Chairperson, Public Accounts Committee, Thimphu (7 copies)
- ✓ 4. Office copy; and
5. Guard file



# REVIEW REPORT OF ANNUAL AUDIT REPORT 2010

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**(Status as on 30 September 2020)**

**ROYAL AUDIT AUTHORITY**

## PART-I Summary of Review Report of AAR 2010

The Royal Audit Authority had submitted the review report of Annual Audit Report 2010 to the 2<sup>nd</sup> Session of the Third Parliament in November 2019. The Review Report had significant unsettled irregularities of Nu.3.158 million. 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; however the irregularities remained unresolved as on 30 Sept. 2020 which are summarized in the table below.

**Table:** Showing agency wise unsettled irregularities as on 30 Sept. 2020

Sl. No.	Agency	Unsettled irregularities reported to the Parliamentas on 30/11/2019 (Nu. in million)	Total amount settled (Nu. in million)	Balance as on 30/09/2020 (Nu. in million)	% settled
1	Ministries	3.053	-	3.053	0
2	Dzongkhags	0.105	-	0.105	0
<b>Total</b>		<b>3.158</b>	<b>-</b>	<b>3.158</b>	

As transpired from the table above neither the Ministries nor the Dzongkhags had resolved the pending issues as on 30 Sept. 2020.

## PART- II: DETAILED REVIEW REPORT

### 1. MINISTRIES

#### 1.1 Ministry of Health

The Ministry of Health had irregularity of Nu.0.662 million reported to the Parliament in November 2019 and it continue to remain unresolved as on 30 Sept. 2020 as summarized below:

Sl. No.	Category	Unsettled irregularities reported to the Parliament as on 30/11/2019 (Nu. in million)	Amount settled (Nu. in million)	Balance as on 30/09/2020 (Nu. in million)	% settled
1	Shortfalls, Lapses & Deficiencies	0.662	-	0.662	-
<b>Total</b>		<b>0.662</b>	<b>-</b>	<b>0.662</b>	<b>-</b>

The detailed status of unsettled irregularity reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 is as discussed below:

### 1. Shortfalls, Lapses and Deficiencies – Nu. 0.662 million

#### 1.1 Outstanding advances – Nu. 0.662 million

The Drugs, Vaccines and Equipment Division (DVED) had outstanding advances of Nu. 1.122 million against various officials. (AIN 8931; Para 15; Accountabilities: Direct: L.B. Subba, Accountant; Supervisory: NadoDukpa, Chief Program Officer)



**Status:** Observation not settled. The Ministry informed that the balance amount of Nu. 0.662 million could not be recovered even after auctioning assets of accountable person and planning to appeal to the Court to charge the balance amount as value based sentencing. The Ministry agreed to appeal to the Court within December, 2019 and share the latest report with RAA. However, no progress had been reported as of 30 Sept 2020.

## 1.2 Ministry of Foreign Affairs

The Ministry of Foreign Affairs had unsettled irregularity of Nu.2.391 million reported to the Parliament in November 2019 and it continue to remain unsettled as on 30 Sept. 2020 as summarized below:

Sl. No.	Category	Unsettled irregularities reported to the Parliament as on 30/11/2019 (Nu. in million)	Amount settled (Nu. in million)	Balance as on 30/09/2020 (Nu. in million)	% settled
1	Fraud Corruption & Embezzlement	2.391	-	2.391	-
	<b>Total</b>	<b>2.391</b>	<b>-</b>	<b>2.391</b>	<b>-</b>

The detailed status of unsettled irregularity reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 is as discussed below:

### 1. Fraud, Corruption and Embezzlement – Nu.2.391 million

#### 1.1 Misuse of cash by Royal Bhutanese Embassy, Bangkok – Nu.2.391 million

There was a cash shortage of Nu.2.391 million which had occurred due to understatement of cash balances in the Cash Book. [AIN: 8510; Para 1; Accountabilities: Direct: YesheyDorji, Third Secretary, Finance; Supervisory: ChendaTobgay].

**Status:** Observation not settled. The High Court had convicted ChendaTobgay and imprisoned him for nine years. However, as per the information obtained from the Office of the Attorney General on 5 Oct. 2020 the defendant has appealed to the Larger Bench of the High Court and the verdict is awaited.

## 2. DZONGKHAGS

### 2.1 Samtse Dzongkhag

The Dzongkhag Administration, Samtse had unsettled irregularity of Nu.0.105 million reported to the Parliament in November 2019 and it remained unsettled as on 30 Sept. 2020 as summarized below:

Sl. No.	Category	Unsettled irregularities reported to the Parliament as on 30/11/2019 (Nu. in million)	Amount settled (Nu. in million)	Balance as on 30/09/2020 (Nu. in million)	% settled
1	Shortfalls, Lapses & Deficiencies	0.105	-	0.105	
	<b>Total</b>	<b>0.105</b>	<b>-</b>	<b>0.105</b>	

The detailed status of the unsettled irregularity reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 is as discussed below:

## **1. Shortfalls, Lapses and Deficiencies – Nu.0.105 million**

### **1.1 Outstanding Advances - Nu. 0.105 million**

The outstanding advances of Nu. 0.105 million reported to the Parliament in November 2019 has remained unsettled even after a gap of one year of reporting (*AIN 8816: Para 2.5; Accountabilities: Direct and Supervisory: Individuals concerned*)

**Status:** *Observation not settled. As per the decision of Public Accounts Committee consultative meeting held at Samtse from 30/09/19 – 2/10/19, it was decided to adjust from his (Mr. Dago Tshering, Ex-LRO of Samtse Dzongkhag) unclaimed NPPF contribution as he was compulsorily retired from service without benefits. It was further reported the Dzongkhag Administration had discussed the matter with Dago Tshering, Ex-LRO and did not agree for the refund.*

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# **REVIEW REPORT OF ANNUAL AUDIT REPORT 2011**

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**(Status as on 30 September 2020)**

**ROYAL AUDIT AUTHORITY**

## PART-I Summary of Review Report of AAR 2011

The Royal Audit Authority had submitted the review report of Annual Audit Report 2011 to the 2<sup>nd</sup> Session of the Third Parliament in November 2019. The Review Report had significant unsettled irregularities of Nu.189.750 million. 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. As a result irregularities of Nu. 0.143 million was settled leaving a balance of Nu.189.607 million unsettled as on 30 Sept. 2020 which are summarized in the table below.

The agency wise unsettled irregularities reported to the Parliament in November 2019, irregularities settled thereafter and balances as on 30 Sept. 2020 are shown in the table below:

**Table:** Showing agency wise irregularities settled and balances as on 30 Sept. 2020

Sl. No.	Agency	Unsettled irregularities reported to the Parliament in November 2019 (Nu. in million)	Amount settled (Nu. in million)	Balance as on 30/09/2020 (Nu. in million)	% settled
1	Ministries	189.607	-	189.607	-
2	Dzongkhags	0.143	0.143	-	100
3	Gewogs	-	-	-	-
	<b>Total Budgetary Agencies</b>	<b>189.750</b>	<b>0.143</b>	<b>189.607</b>	

As transpired from the Table above, the Budgetary Agencies had settled irregularities of Nu. 0.143 million leaving a balance of Nu. 189.607 million unsettled as of 30 Sept. 2020.



## PART-II: DETAIL REVIEW REPORT

### 1. MINISTRIES

#### 1.1 Ministry of Foreign Affairs

Out of the total unsettled irregularities of Nu.189.378 million reported to the Parliament in November 2019, the Ministry of Foreign Affairs had not settled any irregularity as on 30 Sept. 2020 as summarized below:

Sl. No.	Category	Unsettled irregularities reported to the Parliament as on 30/11/2019 (Nu. in million)	Amount settled (Nu. in million)	Balance as on 30/09/2020 (Nu. in million)	% settled
1	Fraud, Corruption & Embezzlement	5.438	-	5.438	-
2	Shortfall, lapses & deficiencies	183.940	-	183.940	-
	<b>Total</b>	<b>189.378</b>		<b>189.378</b>	

The detailed status of irregularities reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 are as discussed below:

#### 1. Fraud, Corruption and Embezzlement – Nu. 5.438 million

##### 1.1 Non reconciliation of USD Special Account/shortages – Nu.5.288 million

The Royal Bhutanese Embassy, Bangkok had an un-reconciled difference/shortage of USD 100,716.36 in the Special Account maintained with the Bangkok Bank for the financial years 2008-09, 2009-10 and 2010-11. The case was forwarded to the Anti-Corruption Commission. (AIN: 9764, Para 1.1; Accountabilities: Direct: ChendaTopgay, Head of Chancery, EID No. 2009054; Supervisory: ChendaTopgay, Head of Chancery, EID No. 2009054).

*Status: Observation not settled. The High Court had convicted ChendaTobgay and imprisoned him for nine years. However, as per the information obtained from the Office of the Attorney General on 5 Oct. 2020 the defendant has appealed to the Larger Bench of the High Court and the verdict is awaited.*

##### 1.2 Discrepancies in maintenance of Books of Accounts on USD account and cash shortage – Nu.0.150 million

The Royal Bhutanese Embassy, Bangkok had cash shortage of US \$ 2,856.67 in the USD Account for the year ended 30<sup>th</sup> June 2010. The case was forwarded to the Anti-Corruption Commission. (AIN: 9764, Para 2; Accountabilities: Direct: YeshiDorji, Finance Officer, EID No. 7801011; Supervisory: ChendaTopgay, Head of Chancery, EID No. 2009054).

*Status: Observation not settled. The High Court had convicted ChendaTobgay and imprisoned him for nine years. However, as per the information obtained from the Office of the Attorney General on 5 Oct. 2020 the defendant has appealed to the Larger Bench of the High Court and the verdict is awaited.*

##### 1.3 Double payment of medical expenses

The Royal Bhutanese Embassy, Bangkok had made double payment of Thai Baht 78,985.00 on account of medical expenses for staff and family members. It was noted that same invoices were paid twice. The case was forwarded to the Anti-Corruption Commission. (AIN: 9764, Para 3; Accountabilities: Direct:

Yeshe Dorji, Finance Officer, EID No. 7801011; Supervisory: Chenda Topgay, Head of Chancery, EID No. 2009054).

**Status:** Observation partially settled. While the amount was recovered and deposited into audit recoveries account, the administrative action as recommended against the accountable official is still awaited.

## 2. Shortfalls, Lapses and Deficiencies – Nu.183.940 million

### 2.1 Outstanding Advances – Nu. 3.849 million

- a) The Royal Bhutanese Embassy, Bangkok had an outstanding advances of Nu.3.849 million against various officials and private parties. (AIN: 9764, Para 10; Accountabilities: Direct: Chenda Topgay; Supervisory: Individuals concerned)

**Status:** Observation not settled. The High Court had convicted Chenda Topgay and imprisoned him for nine years. However, as per the information obtained from the Office of the Attorney General on 5 Oct. 2020 the defendant has appealed to the Larger Bench of the High Court and the verdict is awaited.

### 2.2 Non production of supporting documents – Nu.180.091 million

- a) The Royal Bhutanese Embassy, Bangkok had not produced supporting documents for expenditure amounting to USD 3,430,316.26 incurred during the financial years 2008-09, 2009-10 and 2010-11. The case was forwarded to the Anti-Corruption Commission. (AIN: 9764, Para 1.2; Accountabilities: Direct: Chenda Topgay, Head of Chancery, EID No. 2009054; Supervisory: Chenda Topgay, Head of Chancery, EID No. 2009054)

**Status:** Observation not settled. The High Court had convicted Chenda Topgay and imprisoned him for nine years. However, as per the information obtained from the Office of the Attorney General on 5 Oct. 2020 the defendant has appealed to the Larger Bench of the High Court and the verdict is awaited.

## 1.2 Ministry of Agriculture & Forests

Out of the total unsettled irregularities of Nu.0.229 million reported to the Parliament in November 2019, the Ministry of Agriculture & Forests had not settled any irregularity as on 30 Sept. 2020 as summarized below:

Sl. No.	Category	Unsettled irregularities reported to the Parliament as on 30/11/2019 (Nu. in million)	Amount settled (Nu. in million)	Balance as on 30/09/2020 (Nu. in million)	% settled
1	Shortfall, lapses & deficiencies	0.229	-	0.229	-
	<b>Total</b>	<b>0.229</b>	<b>-</b>	<b>0.229</b>	<b>-</b>

The detailed status of irregularity reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 is as discussed below:

## 1. Shortfalls, lapses and deficiencies – Nu.0.229 million

### 1.1 Excess Payment – Nu.0.229 million

There was an overpayment of Nu.0.229 million made by the National Livestock Breeding Programme, Yusipang in the construction of 2 bedroom staff quarter at Yusipang. (AIN: 9332, Para 2.6;

Accountabilities: Direct: Kinlay Nidup, site Engineer, GoI Project, DOL, CID No. 11508004102; Supervisory: Dr. D. B. Rai, Program Director, EID No.9901057)

**Status:** Observation not settled. During the PAC consultative meeting held from 25 to 26/11/19 at Grand National Assembly Hall, Thimphu, the Ministry informed that Court had issue the verdict but could not resolve the issue because one of the accused, Mr. Kinley Tshering could not be located anywhere. The Committee informed the Ministry that such cases will be discussed during the proposed coordination meeting among stakeholders like Judiciary, RBP, OAG, ACC, RAA and PAC.

## 2. DZONGKHAG ADMINISTRATIONS

### 2.1 Dzongkhag Administration, Gasa

The Dzongkhag Administration, Gasa had one unsettled irregularity reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 as summarized below:

Sl. No.	Category	Unsettled irregularities reported to the Parliament as on 30/11/2019 (Nu. in million)	Amount settled (Nu. in million)	Balance as on 30/09/2020 (Nu. in million)	% settled
1	Shortfall, lapses & deficiencies	-	-	-	-
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The detailed status of the irregularity reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 is as discussed below:

#### 1. Shortfalls, Lapses and Deficiencies

##### 1.1 Outstanding advances

The Dzongkhag Administration had an outstanding advances of Nu.0.039 million against various officials. (AIN: 9122, Para 2.1, Accountabilities: Individuals concerned, Supervisory: SangayDhendup, DCA, EID No. 200807011)

**Status:** Observation not settled. While the principal amount of Nu.0.039 million was deposited into audit recoveries, the Dzongkhag is yet to recover 24% penalty.

### 2.2 Dzongkhag Administration, Zhemgang

The Dzongkhag Administration, Zhemgang had unsettled irregularity of Nu.0.143 million reported to the Parliament in November 2019. It had been settled as on 30 Sept. 2020 as summarized below:

Sl. No.	Category	Unsettled irregularities reported to the Parliament as on 30/11/2019 (Nu. in million)	Amount settled (Nu. in million)	Balance as on 30/09/2020 (Nu. in million)	% settled
1	Shortfall, lapses & deficiencies	0.143	0.143	-	100
	<b>Total</b>	<b>0.143</b>	<b>0.143</b>	<b>-</b>	

The detailed status of the irregularity reported to the November 2019 which was settled as on 30 Sept. 2020 is as discussed below:

#### 1. Shortfalls, Lapses and Deficiencies

## 1.1 Outstanding Advances

The Dzongkhag Administration had an outstanding advances of Nu.0.143 million against various officials, suppliers and contractors. *(AIN: 9337, Para 18; Accountabilities: Direct: Individuals concerned; Supervisory: TilBahadur Ghaley, Accounts Officer, EID No.200701133)*

**Status:** *The observations was settled during the review meeting held between Hon'ble Auditor General and Dzongkhag Administration, Zhemgang on 10 January 2020 since the the Dzongkhag could not trace out the contractor despite repeated reminders by the Dzongkhag Court.*

## 3. GEWOG ADMINISTRATIONS

### 3.1 Gewogs under Chukha Dzongkhag

#### 1. Phuentsholing Gewog

The Gewog Administration, Phuentsholing had one unsettled irregularity under shortfall, lapses and defecencies reported to the Parliament in November 2019 as summarized below. It remained unsettled as on 30 Sept. 2020.

Sl. No.	Category	Unsettled irregularities reported to the Parliament as on 30/11/2019 (Nu. in million)	Amount settled (Nu. in million)	Balance as on 30/09/2020 (Nu. in million)	% settled
2	Shortfall, lapses & deficiencies	-	-	-	-
	<b>Total</b>	-	-	-	-

The detailed status of irregularity reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 is as discussed below:

#### 1. Shortfalls, Lapses and Deficiencies

##### 1.1 Irregular Advance Payment and Incomplete ORC construction

The Gewog Administration had paid advances to the contractor in the construction of 20 seating capacity Out Reach Clinic at Panbari, which was irregular. *[AIN: 9758; Para: 1, Accountabilities: Direct: YontenNorbu, Engineer, EID No. 200507210; Supervisory: Chandra Bahadur Galey, Gup, CID No. 10211000579]*

**Status:** *Observation not settled. As per the Court verdict Thrimsha/Ang/13-377 dated 31/12/2013, the contractor was directed to deposit Nu.10,000 per month to Gewog Administration until the full recovery of Nu. 400,000.00 but unfortunately the amount could not be recovered as the contractor had expired. The recent Public Accounts Committee consultative meeting held at Samtse from 30/09/19 – 2/10/19 decided that the Gewog Administration should approach the Court to seek further advice on the death of Contractor and enformcent of the verdict. Further, the administrative action against Mr. Yonten Norbu, Site Engineer is yet to be taken as recommended.*

*However, no response had been received from the Gewog Administration as of 30 Sept. 2020.*

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# **REVIEW REPORT OF ANNUAL AUDIT REPORT 2012**

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**(Status as on 30 September 2020)**

**ROYAL AUDIT AUTHORITY**

## PART-I Summary of Review Report of AAR 2012

The Royal Audit Authority had submitted the review report of Annual Audit Report 2012 to the 2<sup>nd</sup> Session of the Third Parliament in November 2019. The Review Report had significant unsettled irregularities of Nu.12.265 million. 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, Nu. 0.251 million was settled leaving a balance of Nu. 12.014 million as on 30 Sept. 2020 as shown in Table below.

**Table:** Showing agency wise irregularities settled and balances as on 30 Sept. 2020

Sl. No.	Agency	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in million)	Amount settled (Nu. in million)	Balance as on 30/09/2020 (Nu. in million)	% settled
1	Ministries	11.535	-	11.535	-
2	Dzongkhags	0.334	-	0.334	-
3	Gewogs	0.122	-	0.122	-
4	Autonomous Bodies	0.023	-	0.023	-
	<b>Total Budgetary Agencies - A (1 to 4)</b>	<b>12.014</b>	<b>-</b>	<b>12.014</b>	<b>-</b>
5	Corporations & Financial Institutions	0.251	0.251	-	100
	<b>Total Non Budgetary Agencies - B (5)</b>	<b>0.251</b>	<b>0.251</b>	<b>-</b>	
	<b>Grand total C = A+B</b>	<b>12.265</b>	<b>0.251</b>	<b>12.014</b>	<b>2.05</b>

As transpired from Table above, the Budgetary Agencies had not settled any irregularities, however, Non-Budgetary Agencies had resolved the irregularities of Nu. 0.251million as on 30 Sept. 2020.

## PART- II: DETAIL REVIEW REPORT

### 1 MINISTRIES

#### 1.1 Ministry of Works and Human Settlements

The Ministry of Works and Human Settlements had one unsettled irregularity under fraud corruption and embezzlement reported to the Parliament in November 2019. The same had been settled as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Amount reported to Parliament as on 30/11/2019	Amount resolved (Nu. In million)	Balance as on 30 Sept. 2020 (Nu. In million)	% Resolved
1	Fraud, Corruption & Embezzlement	-	-	-	-
	<b>Total</b>	-	-	-	

The detailed status of irregularity reported to the Parliament in November 2019 which had been settled as on 30 Sept. 2020 is as discussed below:

#### 1. Fraud, Corruption and Embezzlement

##### 1.1 Misuse of revenue

The Thimphu Thromde had a case of misuse of revenue amounting to Nu. 0.588 million due to short deposit of revenue into RGR account. This had occurred due to failure of the management to carry out periodic reconciliations of revenue collections and deposits. The amount was deposited into Audit Recoveries Account and the penalty is yet to be deposited. The case was forwarded to Anti-Corruption Commission. (*AIN 10552; Para 1.2; Accountabilities: Direct: Kado, Account Assistant III, EID No.8511047; Supervisory: Gyeltshen Dorji, Account Assistant III, EID No.2107088*)

**Status:** *The observation was settled based on the decision of the 8<sup>th</sup> Follow up Committee Meeting held on 18 September 2020 as the misused amount was recovered and Mr. Kado, accountable person was terminated from service since 2013.*

#### 1.2 Ministry of Education

The Ministry of Education had an unresolved irregularity of Nu.10.618 million reported to Parliament in November 2019 and it continue to remain unsettled as on 30 Sept. 2020 as summarized below:

Sl. No.	Category	Unsettled irregularities reported to the Parliament as on 30/11/2019 (Nu. in million)	Amount settled (Nu. in million)	Balance as on 30/09/2020 (Nu. in million)	% settled
1	Shortfalls, lapses and deficiencies	10.618	-	10.618	-
	<b>Total</b>	<b>10.618</b>	<b>-</b>	<b>10.618</b>	

The detailed status of irregularity reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 is as discussed below:

## 1 Shortfalls, Lapses and Deficiencies – Nu. 10.618 million

### 1.1 Outstanding advances – Nu. 10.618 million

The Education Development Project had an outstanding advances of Nu.10.618 million (Nu. 10,618,446.73 actual amount) against various officials, contractors and suppliers. (AIN 10664; Para 4; Accountabilities: Direct: Individuals Concerned; Supervisory: Karma Sonam, Chief Engineer, SPBD, EID No.9107112).

**Status:** Observation not settled. The unsettled long overdue advance pertained to M/s. Druk Sherig Construction. The issue was prosecuted in Thimphu Dzongkhag Court by the Ministry of Education and finally the Dzongkhag Court had issued a verdict against the case vide Verdict No. Thimphu/2019-1768 dated 30/10/2019 wherein Mr Pema Namgyal the son of the proprietor of the company has been ordered to pay the amount of Nu. 10,618,446.73 to the Ministry within six month from the date of the judgement i.e. 30 Oct. 2019. However, the amount had not been paid as on 30 Sept. 2020.

## 1.5 Ministry of Foreign Affairs

Out of the total unsettled significant irregularities of Nu.0.676 million reported to the Parliament in November 2019, the Ministry of Foreign Affairs had not settled any irregularities as on 30 Sept. 2020 as summarized below:

Sl. No.	Category	Unsettled irregularities reported to the Parliament as on 30/11/2019 (Nu. in million)	Amount settled (Nu. in million)	Balance as on 30/09/2020 (Nu. in million)	% settled
1	Shortfalls, lapses and deficiencies	0.676	-	0.676	-
	<b>Total</b>	<b>0.676</b>	<b>-</b>	<b>0.676</b>	<b>-</b>

The detailed status of irregularities reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 are as discussed below:

## 1. Shortfalls, Lapses and Deficiencies – Nu. 0.676 million

### 1.1 Outstanding Advances – Nu. 0.581million

- a) The Ministry of Foreign Affairs had an outstanding advances of Nu. 0.581 million (USD 10,834.74) against an official. (AIN 10563; Para 1; Accountabilities: Direct: ChendaTopgay, Former HOC, RBE, Bangkok, EID No.2009054; Supervisory: H.E.LyonpoUgyenTshering, Foreign Minister & ChendaTopgay, Former HOC, RBE, Bangkok, EID No.2009054)

**Status:** Observation not settled. The High Court had convicted ChendaTobgay and imprisoned him for nine years. However, as per the information obtained from the Office of the Attorney General on 5 Oct. 2020 the defendant has appealed to the Larger Bench of the High Court and the verdict is awaited.

### 1.2 Goods not received by the State Guest House – Nu. 0.095 million

- b) The Ministry of Foreign Affairs had not received goods worth Nu. 0.095 million (USD 1,775.00) for 16<sup>th</sup> SAARC Summit from Bangkok. However, it was found that the adjustments were already made in the books of accounts. The case was forwarded to the Anti-Corruption Commission. (AIN 10563; Para 2; Accountabilities: Direct: ChendaTopgay, Former HOC, RBE, Bangkok, EID No.2009054; Supervisory: H.E.LyonpoUgyenTshering, Foreign Minister & ChendaTopgay, Former HOC, RBE, Bangkok, EID No.2009054)



**Status:** Observation not settled. The High Court had convicted ChendaTobgay and imprisoned him for nine years. However, as per the information obtained from the Office of the Attorney General on 5 Oct. 2020 the defendant has appealed to the Larger Bench of the High Court and the verdict is awaited.

## 1.6 Ministry of Agriculture & Forests

The Ministry of Agriculture & Forests had unsettled irregularity of Nu.0.241 million reported to the Parliament in November 2019 which had remained unsettled in entirety as on 30 Sept. 2020 as summarized below:

Sl. No.	Category	Unsettled irregularities reported to the Parliament as on 30/11/2019 (Nu. in million)	Amount settled (Nu. in million)	Balance as on 30/09/2020 (Nu. in million)	% settled
1	Fraud, Corruption & Embezzlement	0.241	-	0.241	-
	<b>Total</b>	<b>0.241</b>	<b>-</b>	<b>0.241</b>	

The detailed status of irregularity reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 is as discussed below:

### 1. Fraud, Corruption and Embezzlement – Nu. 0.241 million

#### 1.1 Misuse of cash – Nu.0.241 million

The Wangchuk Centenary Park, Bumthang had a case of misuse of cash amounting to Nu.0.241 million. It was found that the employees of Divisional Forest Office, Bumthang were paid TA/DA for monitoring and patrolling of cordeyceps collection from the Division's LC account. However, the Wangchuk Centenary Park had reimbursed the expenditure but was not accounted for in the LC account of the Division. The case was forwarded to the Anti-Corruption Commission. (AIN 10757; Para 1; Accountabilities: Direct: RatuWangchuk, Chief Forestry Officer, EID No.8311023; Supervisory: RatuWangchuk, Chief Forestry Officer, EID No.8311023)

**Status:** Observation not settled. PAC consultative meeting held from 25 to 26/11/19 at Grand National Assembly Hall, Thimphu instructed the MoAF to follow up with the Office of the Attorney General on the progress of the case and furnish the update to RAA within December 2019. However, the case remained unresolved as of 30 Sept. 2020.

## 2. DZONGKHAGS

### 2.1 Tsirang Dzongkhag

The Dzongkhag Administration, Tsirang had irregularity of Nu.0.334 million reported to the Parliament in November 2019. It remained unsettled in entirety as on 30 Sept.2020 as summarized below:

Sl. No.	Category	Unsettled irregularities reported to the Parliament as on 30/11/2019 (Nu. in million)	Amount settled (Nu. in million)	Balance as on 30/09/2020 (Nu. in million)	% settled
1	Shortfalls, lapses and deficiencies	0.334	-	0.334	-
	<b>Total</b>	<b>0.334</b>	<b>-</b>	<b>0.334</b>	<b>-</b>

The detailed status of irregularity reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 is as discussed below:

### 1. Shortfall, Lapses and Deficiencies – Nu. 0.334 million

#### 1.1 Excess payment – Nu. 0.334 million

The Dzongkhag Administration had made an excess payment of Nu.0.334 million in the construction of Lhakhang in Dunglagang Gewog due to difference in the quantities paid for and quantities actually executed at site. *[AIN 10432; Para 1.1; Accountabilities: Direct: BirendraGiri, Engineer, EID No.9907152; Supervisory: KharkaBdr. Pradhan, Gup, Dunglagang, CID No.11803001103]*

**Status:** Observation not settled. Verdict is pronounced vide letter No. DT/Thrimden-01/2019-2020/3785, date 10/6/2020. As per the verdict concern person has been ordered to deposit the amount, however, payment had not been received as of 30 Sept. 2020.

### 3. GEWOGS

#### 3.1 Gewogs under Chukha Dzongkhag

##### Logchina Gewog

The Gewog Administration, Logchina had an unsettled irregularity amounting to Nu.0.122 million reported to the Parliament in November 2019 and it remain unsettled as on 30 Sept. 2020 as summarized below:

Sl. No.	Category	Unsettled irregularities reported to the Parliament as on 30/11/2019 (Nu. in million)	Amount settled (Nu. in million)	Balance as on 30/09/2020 (Nu. in million)	% settled
1	Shortfalls, lapses and deficiencies	0.122	-	0.122	-
	<b>Total</b>	<b>0.122</b>	<b>-</b>	<b>0.122</b>	<b>-</b>

The detailed status of irregularity reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 is as discussed below:

### 1. Shortfalls, Lapses and Deficiencies – Nu. 0.122 million

#### 1.1 Inadmissible/excess payment to contractor-Nu. 0.122 million

The Gewog Administration had made an excess payment of Nu. 0.122 million in the construction of Out Reach Clinic (ORC) at Dolepchen due to payment made for items not provided and executed. *[AIN: 10085; Para: 3, Accountabilities: Direct: Yonten Norbu, JE, EID No.200507210; Supervisory: JamyangDorji, District Engineer, EID No.9207043]*

**Status:** Observation not settled. As per the PAC consultative meeting held at Samtse from 30/09/19–02/10/19, the concerned site engineer was directed to visit Regional Office, RAA, Phuentsholing with additional documents for further review and verification within two weeks from the date of meeting. However, there was no response from Mr. Yonten Norbu despite several reminder made through call.

## 3.2 Gewogs under Dagana Dzongkhag

### Deorali Gewog

The Gewog Administration, Deorali had one unsettled irregularity under fraud corruption nad embezzlement reported to the Parliament in November 2019. It remained unresolved as on 30 Sept. 2020 as summarized below:

Sl. No.	Category	Unsettled irregularities reported to the Parliament as on 30/11/2019 (Nu. in million)	Amount settled (Nu. in million)	Balance as on 30/09/2020 (Nu. in million)	% settled
1	Fraud, Corruption & Embezzlement	-	-	-	
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	

The detailed status of irregularity reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 is as discussed below:

#### 1. Fraud, Corruption and Embezzlement – Nu. 0.063 million

##### 1.1 Misuse of Revenue

The Gewog Administration had a case of misuse of revenue amounting to Nu. 0.063 million. The cash balance was not physically available during verification and the new Gup stated that the former Gup had not handed over the cash balance when he assumed the office. *[AIN: 10331; Para: 1, Accountabilities: Direct: Pasang Sherpa, Ex-Gup, CID No. 11304001729; Supervisory: Pasang Sherpa, Ex-Gup, CID No. 11304001729]*

**Status:** *Observation not settled. While the recovery of Nu.0.063 million was made into audit recoveries account, the appropriate action against the responsible official(s) as recommended is awaited.*

## 4. AUTONOMOUS BODIES

### 4.1 Bhutan Football Federation

Out of the total unsettled irregularities of Nu.0.023 million reported to the Parliament in November 2019, the Bhutan Football Federation had not settled the amount as on 30 Sept. 2020 as summarized below:

Sl. No.	Category	Unsettled irregularities reported to the Parliament as on 30/11/2019 (Nu. in million)	Amount settled (Nu. in million)	Balance as on 30/09/2020 (Nu. in million)	% settled
1	Shortfall, lapses & deficiencies	0.023	-	0.023	-
	<b>Total</b>	<b>0.023</b>	<b>-</b>	<b>0.023</b>	<b>-</b>

The detailed status of irregularity reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 is as discussed below:

#### 1. Shortfalls, Lapses and Deficiencies – Nu. 0.023 million

##### 1.3 Outstanding Advances – Nu. 0.023 million

The Bhutan Football Federation had an outstanding advances of Nu.1,257.00 million against various officials (*AIN: 10697, Para 2; Accountabilities: Direct: UgyenWangchuk, General Secretary, CID No. 11411002674; Supervisory: UgyenWangchuk, General Secretary, CID No. 11411002674*)

**Status:** *Observation not settled. The balance amount of Nu. 0.023 million remained unsettled. The PAC consultaive meeting held from 25 to 26/11/19 at the Grand National Assembly Hall, Thimphu instructed BFF to recover the amount (inclusive of 24% penalty) by 31st March, 2020 since the Executive Committee of BFF had accorded two years time period to the Supplier to recover the money which actually ended in 2018. However, the issue remained unresolved as of 30 Sept. 2020.*

## 5 CORPORATIONS

### 5.1 Penden Cement Authority Limited

Out of the one irregularity reported to the Parliament in November 2019, the Penden Cement Authority Limited had not settled the same as on 30 Sept. 2020 as summarized below:

Sl. No.	Category	Unsettled irregularities reported to the Parliament as on 30/11/2019 (Nu. in million)	Amount settled (Nu. in million)	Balance as on 30/09/2020 (Nu. in million)	% settled
1	Mismanagement	-	-	-	-
	<b>Total</b>	-	-	-	

The detailed status of irregularity reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 is as discussed below:

#### 1. Mismanagement

##### 1.1 Irregular purchase of land belonging to the spouse of a Board Director

The Penden Cement Authority Limited had purchased one acre of land directly from Mrs. RinzinRabgay in 2011 for construction of cement depot at Gelephu with a view to avoid deflection of cement meant for domestic use to the Indian market en-route from Indian territory and make cement available at all times in the domestic market. It was found that the seller is a spouse of Karma Tenzin, Board Director at that time. It was noted that PCAL had acquired one acre of land intended for the purpose from different party in 2007 but cement depot was not constructed. The management had looked for alternative land for the purpose. The invitation for the offers was made and of the five respondents, Rinzin Chophel offered the lowest rates of Nu. 53,500.00 per decimal. The Purchasing Committee decided to accept the lowest offer but was found overruled and went for a direct purchase at the same rate offered by Mrs. Rinzin Rabgay.

It was a clear case of conflict of interest in the purchase of land from a wife of Board Director, who was present in the Board Meeting in violation of the Companies Act of the Kingdom of Bhutan 2000. Further, the land fell within Sarpang-Gelephu highway in the south and the boundary wall of the newly constructed domestic airport in the north which had rendered its usage very restrictive. The PCAL had made the payment without receiving clearance from the Department of Civil Aviation. The decision was apparently not in the interest of the company as the land could not be put into intended use. (*AIN: 10787, Para 1.1; Accountabilities: Direct: TashiTshering, former Managing Director, CID No. 11502000643; Supervisory: TashiTshering, former Managing Director, CID No. 11502000643*)

**Status:** *Observation not settled. The case is under review by the ACC. As per the 4<sup>th</sup> bilateral meeting the case has been assigned for investigation team as on 08/06/2017 vide letter No.ACC/DoI-i/Case-08/2017/686.*



## 5.2 Food Corporation of Bhutan Limited

The Food Corporation of Bhutan Limited had one unsettled irregularity amounting to Nu.0.251million reported to the Parliament in November 2019. The same had been settled from this report as the unsettled balance was carried forward and reported in the subsequent report. The detail of the observation reported to the Parliament in November 2019 was as summarized below:

Sl. No.	Category	Unsettled irregularities reported to the Parliament as on 30/11/2019 (Nu. in million)	Amount settled (Nu. in million)	Balance as on 30/09/2020 (Nu. in million)	% settled
1	Shortfalls, lapses and deficiencies	0.251	0.251	-	100
	<b>Total</b>	<b>0.251</b>	<b>0.251</b>	<b>-</b>	<b>-</b>

The detailed status of irregularity reported to the Parliament in November 2019 which has been settled as on 30 Sept. 2020 is as discussed below:

### 1. Shortfalls, Lapses and Deficiencies

#### 1.1 Grant of credit facility without liquidating earlier dues

The Food Corporation of Bhutan Limited, Paro Depot had sold goods worth Nu. 0.351 million on credit to the Planters Commercial without liquidating previous dues in contravention to the Guidelines of the Credit Policy on the sale of Food Grain and Agency items. *(AIN: 10197, Para 1; Accountabilities: Direct: SingayDukpa, JMD, CID No. 10203000011; Supervisory: Singay Dukpa, JMD, CID No. 10203000011).*

**Status:** *Observation was settled from this report as the unsettled balance has been carried forward to subsequent audit report (AIN.13032; Ob. No.2) as per the letter No. FCBL/FAD/20/2019/192 dated 5th September 2019 and shall be pursued from there.*

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# REVIEW REPORT OF ANNUAL AUDIT REPORT 2013

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**(Status as on 30 September 2020)**

**ROYAL AUDIT AUTHORITY**

## PART-I Summary of Review Report of AAR 2013

The Royal Audit Authority had submitted the review report of Annual Audit Report 2013 to the 2<sup>nd</sup> Session of the Third Parliament in November 2019. The Review Report had significant unsettled irregularities of Nu.16.224 million. 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 irregularities of Nu.12.228 million were settled leaving a balance of Nu.3.996 million as shown in Table below.

The agency wise unsettled irregularities reported to the Parliament in November 2019, irregularities settled during the reporting period and balance as on 30 Sept. 2020 are shown in the Table below.

**Table:** Showing agency wise irregularities settled and balances as on 30 Sept. 2020

Sl. No.	Agencies	Irregularities reported to the Parliament in November 2019 (Nu. In million)	Amount settled	Balance as on 30/09/2020	% settled
1	Ministries	9.107	8.841	0.266	97.08
2	Dzongkhags	3.377	-	3.377	-
3	Gewogs	0.353	-	0.353	-
4	Autonomous Bodies	-	-	-	-
<b>Total Budgetary Agencies - A (1 to 4)</b>		<b>12.837</b>	<b>8.841</b>	<b>3.996</b>	<b>68.87</b>
5	Non-Governmental Organizations	3.387	3.387	-	100
<b>Total Non-Budgetary Agencies - B (5 )</b>		<b>3.387</b>	<b>3.387</b>	<b>-</b>	
<b>Grand Total - C (A + B)</b>		<b>16.224</b>	<b>12.228</b>	<b>3.996</b>	<b>75.37</b>

As transpired from Table above the Budgetary Agencies had settled the irregularities of Nu.8.841 million followed by Nu.3.387 million by the Non-Budgetary Agencies as on 30 sept. 2020.

## PART II: DETAIL REVIEW REPORT

### 1. MINISTRIES

#### 1. Ministry of Education

The Ministry of Education had one unsettled irregularity of Nu.8.841 million reported to the Parliament in November 2019. The irregularity had been settled as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount settled (Nu. in Million)	Balance as on 30/09/2020	% settled
1	Shortfalls, lapses and deficiencies	8.841	8.841	-	100
	<b>Total</b>	<b>8.841</b>	<b>8.841</b>	<b>-</b>	<b>-</b>

The detailed status of irregularity reported to the Parliament in November 2019 which had been resolved as on 30 Sept. 2020 is as discussed below:

#### 1. Shortfalls, lapses and deficiencies

##### 1.1. Non deduction of Liquidated damages

The Education Development Project funded by World Bank had not recovered liquidated damages amounting to Nu. 8.841 million for delay in the completion of construction works and recovery on account of excess materials supplied. *(AIN 11390; Para 3; Accountabilities: Direct: Diwakar Lama, Executive Engineer, EID No. 8808002; Supervisory: Karma Sonam, Chief Engineer, EID No. 9107112).*

**Status:** *The observation was settled based on the court verdict of the Thimphu Dzongkhag Court; Verdict No. Thimphu/2019-1768 dated 30/10/2019; wherein the case has been dropped as per the judgement. The verdict has been ratified in the 8<sup>th</sup> Follow up Committee Meeting of the RAA held on 18/09/2020.*

#### 2. Ministry of Foreign Affairs

The Ministry of Foreign Affairs had an unsettled irregularity of Nu.0.266 million reported to the Parliament in November 2019 and it remained unsettled in entirety as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount settled (Nu. in Million)	Balance as on 30/09/2020	% settled
1	Shortfalls, lapses and deficiencies	0.266	-	0.266	-
	<b>Total</b>	<b>0.266</b>	<b>-</b>	<b>0.266</b>	<b>-</b>

The detailed status of irregularity reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 is as discussed below:

## 1. Shortfalls, lapses and deficiencies – Nu. 0.266 million

various officials and parties. (AIN 11286; Para 2; Accountabilities: Direct: Chenda Topgay; Supervisory: Gyembo, Councillor (Finance), EID No. 9610061)

**Status:** Observation not settled. The High Court had convicted ChendaTobgay and imprisoned him for nine years. However, as per the information obtained from the Office of the Attorney General on 5 Oct. 2020 the defendant has appealed to the Larger Bench of the High Court and the verdict is awaited.

## DZONGKHAGS

### 1. Dzongkhag Administration, Pemagatshel

The Dzongkhag Administration, Pemagatshel had an unsettled irregularity of Nu.2.970 million reported to the Parliament in November 2019 and it has remained unsettled as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount settled (Nu. in Million)	Balance as on 30/09/2020	% settled
1	Shortfalls, lapses and deficiencies	2.970	-	2.970	-
	<b>Total</b>	<b>2.970</b>	<b>-</b>	<b>2.970</b>	<b>-</b>

The detailed status of irregularity reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 is as discussed below:

#### 1. Shortfalls, Lapses and Deficiencies – Nu. 2.970 million

##### 1.1 Non recovery of advances and penalties – Nu. 2.970 million

The Dzongkhag Administration had not recovered the amount of Nu. 2.970 million from the contractor on account of material advances recovery, penalty and forfeiture of performance security on termination of contract. (AIN No. 11833; Para 2; Accountabilities: Direct: Lobzang Tshering, JE, EID No. 200901074; Supervisory: Yeshe Dorji, DE, EID No. 9807057)

**Status:** Observation not settled as the contractor has been reported absconded. The PAC consultative meeting held at Samdrupjongkhar from 27 to 28/09/19 informed that such cases of absconding would be discussed in the proposed meeting of relevant stakeholders like Judiciary, OAG, RBP and RAA.

### 2. Dzongkhag Administration, Trashigang

The Dzongkhag Administration, Trashigang had unsettled irregularities of Nu.0.407 million reported to the Parliament in November 2019 and it remained unsettled as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament on 30/11/2019 (Nu. in Million)	Amount settled (Nu. in Million)	Balance as on 30/09/2020	% settled
1	Shortfalls, lapses and deficiencies	0.407	-	0.407	-
	<b>Total</b>	<b>0.407</b>	<b>-</b>	<b>0.407</b>	<b>-</b>

The detailed status of the irregularity reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 is as discussed below:

#### 1. Shortfalls, Lapses and Deficiencies – Nu. 0.407 million

##### 1.1 Non refund of salary disbursed during training – Nu. 0.407 million

The Dzongkhag Administration had not recovered the amount of Nu. 0.407 million on account of salary paid to the officials during the training. The official was liable to refund for discontinuing the training. (AIN 10916; Para 3; Accountabilities: Direct: Dr. Unisha Choeki Sharma, EID No. 200701020; Supervisory: Tshewang Dorji, Sr. DHO, EID No. 7804016)

*Status: Observation not settled. The PAC consultative meeting held at Samdrupjongkhar from 27 to 28/09/19 instructed the Dzongkhag Administration to follow up with the Health Ministry on action taken up and accordingly intimate RAA and PAC for further disposal of the case. However, no progress had been reported as of 30 Sept 2020.*

#### 1. Gewogs under Tsirang Dzongkhag

##### Gosarling Gewog

The Gewog Administration, Gosarling had one unsettled irregularity of Nu. 0.353 million reported to the Parliament in November 2019. It remained unsettled as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount settled (Nu. in Million)	Balance as on 30/09/2020	% settled
1	Shortfalls, lapses and deficiencies	0.353	-	0.353	-
	<b>Total</b>	<b>0.353</b>	<b>-</b>	<b>0.353</b>	<b>-</b>

The detailed status of irregularity reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 is as discussed below:

#### 1. Shortfalls, Lapses and Deficiencies – Nu. 0.353 million

##### 1.1 Overpayment – Nu. 0.353 million

The Gewog Administration had made an overpayment of Nu. 0.353 million in the construction of 4.5 Km farm road from Lower Lapsibotey to Lower Suntalay connecting Changchey town to new Goseling Community Primary School due to differences in the quantities paid for and actually executed at site. (AIN 11167; Para 2; Accountabilities: Direct: B. Giri, Engineer, EID No.9907152; Supervisory: Harka Bdr. Tamang, Gup, CID No.11804000654).

**Status:** Observation not settled. As per the PAC consultative meeting held at Gelephu from 08 to 10/08/19, the Dzongkhag Administration Tsirang was directed to conduct joint physical verification/re-measurement with RAA and outcome intimated. However, it is now informed that the case will be forwarded to Tsirang Court.

## 4. AUTONOMOUS BODIES

### 4.1 Tourism Council of Bhutan

The Tourism Council of Bhutan had one unsettled irregularity under violation of laws and rules reported to the Parliament in November 2019. It remained unsettled as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount settled (Nu. in Million)	Balance as on 30/09/2020	% settled
1	Violation of Laws & Rules	-	-	-	-
	<b>Total</b>	-	-	-	-

The detailed status of irregularity reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 is as discussed below:

#### 1. Violation of Laws and Rules

##### 1.1 Non fulfilment of conditions for availing tax and duty exemptions

Under the Fiscal Incentive of the Government to exempt Sales Tax and Customs Duty in 2010, the tour operators signed agreements with Tourism Council of Bhutan to bring in 50% tourist within one year. The tour operators were liable for payment of Sales Tax and Customs duty in the event of failure to fulfil the conditions. However, it was noted that tour operators had failed to fulfil the conditions but had availed the exemption. The amount of sales tax and customs duty is thus recoverable from the tour operators. Further, it was also noted that the vehicles purchased under this fiscal incentive were not registered under the company's name as required under the scheme. (AIN 11806; Para 1; Accountabilities: Direct: Kinley Wangdi, Offtg. Head, EID No. 2001046; Supervisory: Thuji Dorji Nadik, Acting Managing Director, EID No. 8304065)

**Status:** Observation not settled. PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu instructed TCB and RAA to conduct bilateral meeting within two weeks from the date of hearing to review and resolve the issue. However, no progress had been reported as on 30 Sept. 2020.

## 6 NON-GOVERNMENTAL ORGANIZATIONS

### 6.1 Tarayana Foundation

The Tarayana Foundation had unsettled irregularity of Nu.3.387 million reported to the Parliament in November 2019. It had been settled as on 30 Sept. 2020 as summarized below:



Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount settled (Nu. in Million)	Balance as on 30/09/2020	% settled
1	Shortfalls, lapses and deficiencies	3.387	3.387	-	100
	<b>Total</b>	<b>3.387</b>	<b>3.387</b>	<b>-</b>	<b>-</b>

The detailed status of the irregularity reported to the Parliament in November 2019 which was settled as on 30 Sept. 2020 is as discussed below:

## 2. Shortfalls, Lapses and Deficiencies – Nu. 3.387 million

### 2.1 Outstanding advances

The Tarayana Foundation had an outstanding advances of Nu. 3.387 million against various officials and parties. *(AIN 11578; Para 1; Accountabilities: Direct: Individuals concerned; Supervisory: Chime Paden Wangdi, Secretary General, CID No. 11410003243).*

**Status:** *The observation was settled vide letter No.TF/ADM/15/2020/297 dated 10/09/2020 of the management.*

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# **REVIEW REPORT OF ANNUAL AUDIT REPORT 2014**

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**(Status as on 30 September 2020)**

**ROYAL AUDIT AUTHORITY**

## PART-I Summary of Review Report of AAR 2014

The Royal Audit Authority had submitted the review report of Annual Audit Report 2014 to the 2<sup>nd</sup> Session of the Third Parliament in November 2019. The Review Report had significant unsettled irregularities of Nu.168.465 million. 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, Nu.117.981 million had been settled leaving a balance of Nu. 50.484 million unsettled as on 30 Sept. 2020 as shown in the Table below:

**Table:** Showing agency wise irregularities settled and balances as on 30 Sept. 2020

Sl. No.	Agencies	Irregularities reported to the Parliament as on 30/11/2019	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
1	Ministries	31.751	1.608	30.143	5.06
2	Dzongkhags	16.851	0.411	16.440	2.44
3	Gewogs	0.045	-	0.045	-
4	Autonomous Bodies	115.962	115.962	-	100
<b>Total Budgetary Agencies - A (1 to 4)</b>		<b>164.609</b>	<b>117.981</b>	<b>46.628</b>	<b>71.67</b>
5	Corporations and Financial Institutions	3.856	-	3.856	-
<b>Total Non-Budgetary Agencies - B (5 )</b>		<b>3.856</b>	<b>-</b>	<b>3.856</b>	<b>-</b>
<b>Grand Total - C (A + B)</b>		<b>168.465</b>	<b>117.981</b>	<b>50.484</b>	<b>70.03</b>

As transpired from Table above, the Budgetary Agencies had settled irregularities amounting to Nu.117.981 million leaving a balance of Nu.46.628 million unsettled. Non-Budgetary Agencies had not settled any irregularities as on 30 Sept. 2020.

## PART-II: DETAILED REVIEW REPORT

### 1. MINISTRIES

#### 4.1.1 Ministry of Information & Communications

Out of the total unsettled irregularities of Nu.30.054 million reported to the Parliament in November 2019, the Ministry of Information & Communications had not settled any irregularities as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
1	Fraud, Corruption & Embezzlement	21.177	-	21.177	-
3	Violation of Laws & Rules	8.163	-	8.163	-
4	Shortfalls, lapses and deficiencies	0.714	-	0.714	-
	<b>Total</b>	<b>30.054</b>	<b>-</b>	<b>30.054</b>	<b>-</b>

The detailed status of irregularities reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 are as discussed below:

#### 1. Fraud, Corruption and Embezzlement – 21.177 million

##### 1.1 Erroneous adoption of measurements on the supply and fixing of concertina wire fencing with resultant overpayment – Nu. 21.177 million

The Department of Civil Aviation had adopted erroneous measurements in the supply and fixing of concertina wire fencing which resulted in over payment of Nu. 21.177 million in construction of Gelephu Domestic Airport. The joint physical verification revealed execution of concertina fencing works to the extent of 2,583.70 metres. Accordingly, the value of work done as per contractor's quoted rate worked out to Nu. 1.063 million (2,583.70 metres x Nu. 411.60) only as against Nu. 22.240 million claimed and entertained for payment with resultant over payment to that extent. The case was forwarded to Anti-Corruption Commission. Currently, the case is subjudice. *(AIN 12148; Observation 5;Accountabilities: Direct: Gyem Dorji, Dy. Executive Engineer, EID No. 200702026; Supervisory: Phala Dorji, DG, EID No. 7207011)*

**Status:** *Observation not settled. During the PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu, the Ministry informed that OAG has registered the case in Gelephu Drungkhag Court with respect to criminal element but with regard to civil restitution, MoIC had registered the case with the High Court.*

#### 3. Violation of laws and rules – Nu. 8.163 million

##### 3.1 Improper rate analysis of earthwork – Nu. 1.387 million

The Department of Civil Aviation had approved excess claim of Nu. 1.387 million on account of wrong inclusion of 5% labour charges for excavating and stacking rocks and stones by the consultant. The claim was not admissible as per the Labour Material Coefficient 2011. The case was forwarded to Anti-Corruption Commission. Currently, the case is subjudice. *(AIN 12148;Observation 2iia;Accountabilities: Direct: Gyem Dorji, Dy. Executive Engineer, EID No. 200702026; Supervisory: Dasho Kinley Dorji, Secretary, MoIC, EID No. 7807011, Wangdi Gyeltshen, Director, DCA, EID No. 8101036, Karma Wangchuk, CAO, DCA, EID No. 9004059, Karma Tenzin, Offtg. CAO, MoIC, EID No.2001047, Bhagi Maya, Sr. Accounts Officer, DCA, EID No. 2001019, Gyem Dorji, Dy. Executive Engineer, DCA, EID No. 200702026 & Sonam Jamtsho, Asstt. Procurement Officer, MoIC, EID No. 200602016).*

**Status:** *Observation not settled. During the PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu, the Ministry informed that OAG has registered the case in Gelephu Drungkhag Court with respect to criminal element but with regard to civil restitution, MoIC had registered the case with the High Court.*

### **3.2 Excess computation of payable amount for earthwork excavation over areas due to flaws in the analysis of rate – Nu. 3.579 million**

The Department of Civil Aviation had applied analysed rate for wrong specification on earthwork in excavation which resulted in inflated claim to the extent of Nu. 3.579 million. The case was forwarded to Anti-Corruption Commission. Currently, the case is subjudice. (AIN 12148; Observation 3; Accountabilities: Direct: Gyem Dorji, Dy. Executive Engineer, EID No. 200702026; Supervisory: Dasho Kinley Dorji, Secretary, MoIC, EID No. 7807011, Wangdi Gyeltshen, Director, DCA, EID No. 8101036, Karma Tenzin, Offtg. CAO, MoIC, EID No. 2001047, Gyem Dorji, Dy. Executive Engineer, DCA, EID No. 200702026 & Sonam Jamtsho, Asstt. Procurement Officer, MoIC, EID No. 200602016).

**Status:** *Observation not settled. During the PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu, the Ministry informed that OAG has registered the case in Gelephu Drungkhag Court with respect to criminal element but with regard to civil restitution, MoIC had registered the case with the High Court.*

### **3.3 Incorrect rate analysis with resultant overstatement of final bill – Nu. 2.647 million**

The contractor had made excess claim of Nu. 2.647 million in the construction of Gelephu Domestic Airport. It was observed that instead of Nu. 147.31 per cum considered for payment in the final bill, the analysed rate worked out to Nu. 59.21 per cum for quantity of 30,050 cum. The case was forwarded to Anti-Corruption Commission. Currently, the case is subjudice. (AIN 12148; Observation 4; Accountabilities: Direct: Gyem Dorji, Dy. Executive Engineer, EID No. 200702026; Supervisory: Dasho Kinley Dorji, Secretary, MoIC, EID No. 7807011, Wangdi Gyeltshen, Director, DCA, EID No. 8101036, Karma Tenzin, Offtg. CAO, MoIC, EID No. 2001047, Gyem Dorji, Dy. Executive Engineer, DCA, EID No. 200702026 & Sonam Jamtsho, Asstt. Procurement Officer, MoIC, EID No. 200602016)

**Status:** *Observation not settled. During the PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu, the Ministry informed that OAG has registered the case in Gelephu Drungkhag Court with respect to criminal element but with regard to civil restitution, MoIC had registered the case with the High Court.*

### **3.4 Application of wrong rate in fencing works with resultant excess claim – Nu. 0.285 million**

The Department of Civil Aviation had applied quoted rate for form-work of the terminal building – columns, beams, slabs etc up to fifth floor level for fencing works which resulted in excess claim of Nu. 0.285 million. The payment should have been regulated with reference to analyzed or market rate. The case was forwarded to Anti-Corruption Commission. Currently, the case is subjudice. (AIN 12148; Observation 10; Accountabilities: Direct: Gyem Dorji, Dy. Executive Engineer, EID No. 200702026; Supervisory: Gyem Dorji, Dy. Executive Engineer, EID No. 200702026)

**Status:** *Observation not settled. During the PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu, the Ministry informed that OAG has registered the case in Gelephu Drungkhag Court with respect to criminal element but with regard to civil restitution, MoIC had registered the case with the High Court.*

### **3.5 Excess payment due to variation in measurements – Nu. 0.265 million**

The Department of Civil Aviation had made excess payment of Nu. 0.265 million due to variations in measurement of terminal building and fencing works. The variations were noted during the joint measurement comprising representatives from the Department of Civil Aviation, the Anti-Corruption

Commission, the Bhutan Standards Bureau and the Royal Audit Authority. Currently, the case is subjudice. (AIN 12148; Observation 11; Accountabilities: Direct: Gyem Dorji, Dy. Executive Engineer, EID No. 200702026; Supervisory: Gyem Dorji, Dy. Executive Engineer, EID No. 200702026)

**Status:** Observation not settled. During the PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu, the Ministry informed that OAG has registered the case in Gelephu Drungkhag Court with respect to criminal element but with regard to civil restitution, MoIC had registered the case with the High Court.

#### 4. Shortfalls, lapses and deficiencies – Nu. 0.714 million

##### 4.1 Excess claim due to change in the width of the runway – Nu. 0.714 million

The Department of Civil Aviation had entertained the claim for 50 metres width of the runway while the actual width was 40 metres only resulting into excess claim of Nu. 0.714 million in the final bill for the construction of Gelephu Domestic Airport. The case was forwarded to Anti-Corruption Commission. Currently, the case is subjudice. (AIN 12148; Observation 7; Accountabilities: Direct: Gyem Dorji, Dy. Executive Engineer, EID No. 200702026; Supervisory: Gyem Dorji, Dy. Executive Engineer, DCA, EID No. 200702026)

**Status:** Observation not settled. During the PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu, the Ministry informed that OAG has registered the case in Gelephu Drungkhag Court with respect to criminal element but with regard to civil restitution, MoIC had registered the case with the High Court.

##### 4.1.2 Ministry of Finance

Out of the total unsettled irregularities of Nu.1.608 million reported to the Parliament in November 2019, the Ministry of Finance had settled the irregularity as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
1	Shortfalls, lapses and deficiencies	1.608	1.608	-	100
	<b>Total</b>	<b>1.608</b>	<b>1.608</b>	<b>-</b>	

The detailed status of irregularity reported to the Parliament in November 2019 which has been settled as on 30 Sept. 2020 is as discussed below:

#### 1. Shortfalls, lapses and deficiencies

##### 1.1 Outstanding advances

The Secretariat, Ministry of Finance had overdue outstanding advances of Nu. 1.608 million lying against various staff and officials. (AIN 12253; Observation 2; Accountabilities: Direct: Zimpon Wom Karma Jamtsho, EID No. 9009130, Tshewang Tenzin, Asst. Accounts Officer, HMS, EID No. 9206018, Pem L Dorji, EID.200907005c; Tenzin Dorji, EID.9208100; Sonam Wangdi, CAO, EID No. 8607100; Supervisory: Sonam Wangdi, CAO, EID No. 8607100).

**Status:** The observation was settled as all the outstanding advances were liquidated.

#### 4.1.5 Ministry of Agriculture & Forests

The Ministry of Agriculture & Forests had unsettled irregularities of Nu.0.089 million reported to the Parliament in November 2019. It continue to remain unsettled as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
1	Shortfalls, lapses and deficiencies	0.089	-	0.089	-
	<b>Total</b>	<b>0.089</b>	<b>-</b>	<b>0.089</b>	

The detailed status of irregularity reported to the Parliament in November 2019, which remained unsettled as on 30 Sept. 2020 is as discussed below:

#### 1. Shortfalls, lapses and deficiencies – Nu. 0.089 million

##### 1.1. Non-reconciliation of accounts- Nu.0.089 million

The Agriculture Machinery Centre, Paro had un-reconciled figure of Nu. 0.089 million between the sale proceeds as per the inventory system and overall cash received/deposited into respective accounts. The difference had occurred mainly due to inadequate stores management system and improper documentation of various advance receipts and sales. (AIN 12135; Observation 1; Accountabilities: Direct: Karma Wangdi, Accountant, EID No. 200907017; Supervisory: Karma Thinley, PD, EID No. 9901086)

**Status:** Observation not settled. The PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu had directed the Ministry to inform the accountable officials to resolve the issues latest by 15<sup>th</sup> December, 2019. If they fail to resolve within the specified deadline then Ministry had to initiate for appropriate legal proceedings.

Reminders were issued vide RAA/FUCD/B2/DoA/MoAF2019/2782 dated 14/11/2019 & RAA/FUCD/B1/MoAF/2020/1564 dated 5/8/2020, however, no responses had been received neither from the management nor from Ministry of Agriculture as of 30 Sept 2020.

#### 4.2 DZONGKHAGS

##### 4.2.1 Dzongkhag Administration, Sarpang

Out of the total unsettled irregularities of Nu.16.429 million reported to the Parliament in November 2019, the Dzongkhag Administration, Sarpang had not settled any irregularities as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
1	Fraud, Corruption & Embezzlement	14.029	-	14.029	-
2	Mismanagement	0.086	-	0.086	-
3	Violation of Laws & Rules	0.881	-	0.881	-
4	Shortfalls, lapses and deficiencies	1.433	-	1.433	-
	<b>Total</b>	<b>16.429</b>	<b>-</b>	<b>16.429</b>	<b>-</b>



The detailed status of irregularities reported to the Parliament in November 2019, which remained unsettled as on 30 Sept. 2020 are as discussed below:

## **1. Fraud, Corruption and Embezzlement – 14.029 million**

### **1.1 Withdrawal and non-adjustment of funds – Nu. 10.637 million**

The Administrative Assistant of the Dungkha Administration, Gelephu had withdrawn an amount of Nu. 10.637 million from the Losal Cinema Hall Current Deposit account, reportedly to meet expenditures relating to court registration fee, payment to advocates, travelling and daily allowances and other miscellaneous expenses pertaining to litigation at District Court, Sikkim.

A note sheet was submitted to Dungpa for approval to adjust the expenditures incurred during the hearing of case at District Court, Gangtok, Sikkim. The following adjustments were made:

- Receipts amounting to Nu. 3.191 million (30% of 10.637 million) were submitted on account of fees paid to six advocates who were supposedly involved in the lawsuit filed for repatriation of money. It was revealed that Ajay Rathi was the only rightful advocate who represented the case with the State Bank of India, Gangtok, Sikkim. However, the signature of Ajay Rathi reflected in the note sheet and the official letter addressed to the Administrative Assistant by Ajay Rathi was not same. The signatures of other five advocates were also doubtful;
- The Administrative Assistant produced evidences of agreement drawn and receipts obtained from the six advocates. However, the signatures in the agreement were different from signatures in the acknowledgement receipt of the same advocates; and
- An amount of Nu. 4.004 million (75% of 5.339 million) were reported as paid to Cheytrim, declaring him as the nephew of late Dezing Chhoka. However, the directive to pay the amount was not on record.

In absence of legitimate documents supporting the expenditure, the advance availed by Administrative Assistant had remained unaccounted and unadjusted in the books of accounts. The case was forwarded to Anti-Corruption Commission. (*AIN 12304; Observation 1 & 3 of Part 1; Accountabilities: Direct: Sonam Norbu, Administrative Assistant, EID No. 200508102; Supervisory: Pema Wangdi, Dungpa, EID No. 8210003; Thrimda Wogma Tshering Dorji, RBP, Gelephu, PIN 119*)

**Status:** *Observation not settled. The defendants have appealed to High Court after the Sarpang Dzongkhag Court. Dzongkhag Court had convicted the former Drungpa to 8 years imprisonment (33 years compoundable and 8 years non-compoundable as per Kuensel dated July 18, 2018) and Sonam Norbu to three years non-compoundable.*

### **1.2 Anomaly in purchase of timber and shortages – Nu. 0.143 million**

There were anomalies and shortages in the purchase of timber by Dungkha Administration, Gelephu amounting to Nu. 0.143 million for maintenance of Losal cinema hall. As against the total purchase of timber worth Nu. 0.215 million from M/s Daimary Saw Mill, Assam for 734 cft @Nu. 300 per cft, only 244.09 cft of wood works amounting to Nu. 0.073 million including 20% wastage were carried out at site resulting into shortage of timber. The case was forwarded to Anti-Corruption Commission. (*AIN 12304; Observation 5.1 of Part 1; Accountabilities: Direct: Sonam Norbu, Administrative Assistant, EID No. 200508102; Supervisory: Pema Wangdi, Dungpa, EID No. 8210003; Thrimda Wogma Tshering Dorji, RBP, Gelephu, PIN 119*)

**Status:** *Observation not settled. The defendants have appealed to High Court after the Sarpang Dzongkhag Court had convicted the former Drungpa to 8 years imprisonment (33 years compoundable and 8*

*years non-compoundable as per Kuensel dated July 18, 2018) and Sonam Norbu to three years non-compoundable.*

### **1.3 Non-execution of electrical works – Nu. 0.596 million**

The Dungkhag Administration, Gelephu had not executed electrical works valuing Nu. 0.596 million in the maintenance of Losal cinema hall. As against the total purchase valuing Nu. 0.774 million, only Nu. 0.177 million worth of electrical items were found used at site. The case was forwarded to Anti-Corruption Commission. *(AIN 12304; Observation 5.2 of Part 1; Accountabilities: Direct: Sonam Norbu, Administrative Assistant, EID No. 200508102; Supervisory: Pema Wangdi, Dungpa, EID No. 8210003; Thrimda Wagma Tshering Dorji, RBP, Gelephu, PIN 119).*

**Status:** *Observation not settled. The defendants have appealed to High Court after the Sarpang Dzongkhag Court had convicted the former Drungpa to 8 years imprisonment (33 years compoundable and 8 years non-compoundable as per Kuensel dated July 18, 2018) and Sonam Norbu to three years non-compoundable.*

### **1.4 Misappropriation of fund through submission of fictitious bills – Nu. 0.587 million**

There was a case of misappropriation amounting to Nu. 0.587 million under the Dungkhag Administration, Gelephu by submitting fictitious labour payment bills for the maintenance works of Losal Cinema Hall. As against the total labour payment of Nu. 0.700 million, only Nu. 0.113 million worth of work was executed. The case was forwarded to Anti-Corruption Commission. *(AIN 12304; Observation 5.3 of Part 1; Accountabilities: Direct: Sonam Norbu, Administrative Assistant, EID No. 200508102; Supervisory: Pema Wangdi, Dungpa, EID No. 8210003; Thrimda Wagma Tshering Dorji, RBP, Gelephu, PIN 119)*

**Status:** *Observation not settled. The defendants have appealed to High Court after the Sarpang Dzongkhag Court had convicted the former Drungpa to 8 years imprisonment (33 years compoundable and 8 years non-compoundable as per Kuensel dated July 18, 2018) and Sonam Norbu to three years non-compoundable.*

### **1.5 Purchase of inferior quality of foam, non-supply of complete quantity and excessive reporting – Nu. 0.042 million**

The Dungkhag Administration, Gelephu had made payment of Nu. 0.042 million on purchasing foams for the maintenance works of Losal Cinema Hall. It was observed that the foams were of inferior quality with higher rates and the supply was incomplete. Neither the procurement norms were followed nor custom clearance obtained on the face of the invoice for purchases from Assam, India. The case was forwarded to Anti-Corruption Commission. *(AIN 12304; Observation 5.4 of Part 1; Accountabilities: Direct: Sonam Norbu, Administrative Assistant, EID No. 200508102; Supervisory: Pema Wangdi, Dungpa, EID No. 8210003; Thrimda Wagma Tshering Dorji, RBP, Gelephu, PIN 119)*

**Status:** *Observation not settled. The defendants have appealed to High Court after the Sarpang Dzongkhag Court had convicted the former Drungpa to 8 years imprisonment (33 years compoundable and 8 years non-compoundable as per Kuensel dated July 18, 2018) and Sonam Norbu to three years non-compoundable.*

### **1.6 Non-accountal of withdrawal – Nu. 0.528 million**

a) The Dungkhag Administration, Gelephu, had not accounted withdrawal of Nu. 0.400 million in the cash book. The case was forwarded to Anti-Corruption Commission. *(AIN 12304; Observation 6 of Part 1; Accountabilities: Direct: Sonam Norbu, Administrative Assistant, EID No. 200508102; Supervisory: Pema Wangdi, Dungpa, EID No. 8210003; Thrimda Wagma Tshering Dorji, RBP, Gelephu, PIN 119)*

**Status:** Observation not settled. The defendants have appealed to High Court after the Sarpang Dzongkhag Court had convicted the former Drungpa to 8 years imprisonment (33 years compoundable and 8 years non-compoundable as per Kuensel dated July 18, 2018) and Sonam Norbu to three years non-compoundable.

- b) The Dungkhag Administration, Gelephu, had not accounted an amount of Nu. 0.128 million in the books of accounts of Losal Cinema Hall, which was disbursed by Gelephu Thromde on account of compensation for demolition of Janta Bakery Shop. The case was forwarded to Anti-Corruption Commission. (AIN 12304; Observation 7 of Part 1; Accountabilities: Direct: Sonam Norbu, Administrative Assistant, EID No. 200508102; Supervisory: Pema Wangdi, Dungpa, EID No. 8210003; Thrimda Wogma Tshering Dorji, RBP, Gelephu, PIN 119).

**Status:** Observation not settled. The defendants have appealed to High Court after the Sarpang Dzongkhag Court had convicted the former Drungpa to 8 years imprisonment (33 years compoundable and 8 years non-compoundable as per Kuensel dated July 18, 2018) and Sonam Norbu to three years non-compoundable.

#### **1.7 Fictitious payment of TA/DA – Nu. 0.037 million**

The Dungkhag Administration, Gelephu had made fictitious TA/DA payment of Nu. 0.037 million to the Administrative Assistant and staff on account of travel to Sikkim to attend court from 6<sup>th</sup> to 25<sup>th</sup> April 2013. However, all the legal cases were completed before 6<sup>th</sup> April 2013, for which the above claim was not authentic and justifiable. The case was forwarded to Anti-Corruption Commission. (AIN.12304; Observation 12 of Part 1; Accountabilities: Direct: Sonam Norbu, Administrative Assistant, EID No. 200508102; Supervisory: Pema Wangdi, Dungpa, EID No. 8210003; Thrimda Wogma Tshering Dorji, RBP, Gelephu, PIN 119).

**Status:** Observation not settled. The defendants have appealed to High Court after the Sarpang Dzongkhag Court had convicted the former Drungpa to 8 years imprisonment (33 years compoundable and 8 years non-compoundable as per Kuensel dated July 18, 2018) and Sonam Norbu to three years non-compoundable.

#### **1.8 Non-deduction of cost difference – Nu. 0.096 million**

The Dungkhag Administration, Gelephu had not deducted the cost difference of Nu. 0.096 million in roofing of Naitai Hotel building. The contractor had claimed an amount of Nu. 0.116 million on account of providing steel trusses as specified in the BoQ. However, the contractor had actually provided timber trusses amounting to Nu. 0.020 million, thereby resulting in overpayment. The case was forwarded to Anti-Corruption Commission. (AIN 12304; Observation 10 of Part 1; Accountabilities: Direct: Sonam Norbu, Administrative Assistant, EID No. 200508102; Supervisory: Pema Wangdi, Dungpa, EID No. 8210003; Thrimda Wogma Tshering Dorji, RBP, Gelephu, PIN 1).

**Status:** Observation not settled. The defendants have appealed to High Court after the Sarpang Dzongkhag Court had convicted the former Drungpa to 8 years imprisonment (33 years compoundable and 8 years non-compoundable as per Kuensel dated July 18, 2018) and Sonam Norbu to three years non-compoundable.

#### **1.9 Payment for works not executed – Nu. 0.103 million**

The Dungkhag Administration, Gelephu had made payment of Nu. 0.103 million for roofing of Janta Bakery Building. It was observed that the payment was fictitious as the building never had a roof. The case was forwarded to Anti-Corruption Commission. (AIN 12304; Observation 11 of Part 1; Accountabilities: Direct: Sonam Norbu, Administrative Assistant, EID No. 200508102; Supervisory: Pema Wangdi, Dungpa, EID No. 8210003; Thrimda Wogma Tshering Dorji, RBP, Gelephu, PIN 119).

**Status:** Observation not settled. The defendants have appealed to High Court after the Sarpang Dzongkhag Court had convicted the former Drungpa to 8 years imprisonment (33 years compoundable and 8 years non-compoundable as per Kuensel dated July 18, 2018) and Sonam Norbu to three years non-compoundable.

#### **1.10 Attempt to divert funds into personal savings account – Nu. 0.602 million**

The Dungpa, Gelephu in violation to the Court order had attempted to deposit a sum of Nu. 0.602 million accumulated in the savings account of the deceased Dezang Chhoka to his personal account instead of depositing into Losal cinema hall account. Although his attempt was unsuccessful, the act was a deliberate attempt to divert the amount to his personal savings account. The case was forwarded to Anti-Corruption Commission. (AIN 12304; Observation 1 of Part 2; Accountabilities: Direct: Sonam Norbu, Administrative Assistant, EID No. 200508102; Supervisory: Pema Wangdi, Dungpa, EID No. 8210003).

**Status:** Observation not settled. The defendants have appealed to High Court after the Sarpang Dzongkhag Court had convicted the former Drungpa to 8 years imprisonment (33 years compoundable and 8 years non-compoundable as per Kuensel dated July 18, 2018) and Sonam Norbu to three years non-compoundable.

#### **1.11 Collusion of Officials and diversion of funds for misappropriation – Nu. 0.536 million**

The Dungpa & Administrative Assistant of Gelephu Dungkhag Administration had colluded and diverted a sum of Nu. 0.536 million from Losal Cinema Hall's CD Account into Sershong Community Group account which was solely operated by the Dungpa. The account was supposed to be closed after completion of Sershong Community's activities but was kept active, which was a deliberate attempt to misappropriate the funds. The case was forwarded to Anti-Corruption Commission. (AIN 12304; Observation 2 of Part 2; Accountabilities: Direct: Sonam Norbu, Administrative Assistant, EID No. 200508102; Supervisory: Pema Wangdi, Dungpa, EID No. 8210003; Thrimda Wogma Tshering Dorji, RBP, Gelephu, PIN 119)

**Status:** Observation not settled. The defendants have appealed to High Court after the Sarpang Dzongkhag Court had convicted the former Drungpa to 8 years imprisonment (33 years compoundable and 8 years non-compoundable as per Kuensel dated July 18, 2018) and Sonam Norbu to three years non-compoundable.

#### **1.12 Non-accountal of interest received – Nu. 0.122 million**

The Serchong Community Group Account operated by the Dungpa, Dungkhag Administration, Gelephu had earned interest amount of Nu. 0.122 million over a period of two years. However, the interest amount was not accounted for in the Losal Cinema Hall's books of accounts. The case was forwarded to Anti-Corruption Commission. (AIN 12304; Observation 3 of Part 2; Accountabilities: Direct: Sonam Norbu, Administrative Assistant, EID No. 200508102; Supervisory: Pema Wangdi, Dungpa, EID No. 8210003; Thrimda Wogma Tshering Dorji, RBP, Gelephu, PIN 119).

**Status:** Observation not settled. The defendants have appealed to High Court after the Sarpang Dzongkhag Court had convicted the former Drungpa to 8 years imprisonment (33 years compoundable and 8 years non-compoundable as per Kuensel dated July 18, 2018) and Sonam Norbu to three years non-compoundable.

## **2. Mismanagement – Nu. 0.086 million**

### **2.1 Delegation of accounting responsibility to an unqualified personnel**

The Dungkhag Administration, Gelephu had officially delegated the charges of maintaining the books of accounts of Losal Cinema Hall from a trained Accountant to an Administrative Assistant whose primary



responsibility was to look after the affairs of the Administration and not maintaining the books of accounts. The case was forwarded to Anti-Corruption Commission. (AIN 12304; Observation 2 of Part 1; Accountabilities: Direct: Sonam Norbu, Administrative Assistant, EID No. 200508102; Supervisory: Pema Wangdi, Dungpa, EID No. 8210003; Thrimda Wogma Tshering Dorji, RBP, Gelephu, PIN 119).

**Status:** Observation not settled. The defendants have appealed to High Court after the Sarpang Dzongkhag Court had convicted the former Drungpa to 8 years imprisonment (33 years compoundable and 8 years non-compoundable as per Kuensel dated July 18, 2018) and Sonam Norbu to three years non-compoundable.

## 2.2 Non-collection of revenue – Nu. 0.086 million

The Dungkhag Administration, Gelephu had overdue outstanding rental charges of Nu. 0.086 million against various tenants. The case was forwarded to Anti-Corruption Commission. (AIN 12304; Observation 13 of Part 1; Accountabilities: Direct: Sonam Norbu, Administrative Assistant, EID No. 200508102; Supervisory: Pema Wangdi, Dungpa, EID No. 8210003; Thrimda Wogma Tshering Dorji, RBP, Gelephu, PIN 119).

**Status:** Observation not settled. The defendants have appealed to High Court after the Sarpang Dzongkhag Court had convicted the former Drungpa to 8 years imprisonment (33 years compoundable and 8 years non-compoundable as per Kuensel dated July 18, 2018) and Sonam Norbu to three years non-compoundable.

## 2.3 Maintenance cost of Losal cinema hall met from Shershong Community group

The Dungpa and Administrative Assistant of Dungkhag Administration, Gelephu had made various payments from Serzhong Community Group's bank account for the expenditure incurred on Losal cinema hall. The case was forwarded to Anti-Corruption Commission. (AIN 12304; Observation 4 of Part 2; Accountabilities: Direct: Sonam Norbu, Administrative Assistant, EID No. 200508102; Supervisory: Pema Wangdi, Dungpa, EID No. 8210003; Thrimda Wogma Tshering Dorji, RBP, Gelephu, PIN 119).

**Status:** Observation not settled. The defendants have appealed to High Court after the Sarpang Dzongkhag Court had convicted the former Drungpa to 8 years imprisonment (33 years compoundable and 8 years non-compoundable as per Kuensel dated July 18, 2018) and Sonam Norbu to three years non-compoundable.

# 3 Violation of Laws and Rules – Nu. 0.881 million

## 3.1 Non-recovery of liquidated damages and 20% penalty – Nu. 0.696 million

a) The Dzongkhag Administration had not recovered a sum of Nu. 0.566 million on account of liquidated damages and 20% penalty on value of works not completed from the contractor upon termination of contract in construction of BHU Grade II at Sarpang Seer. (AIN 12342; Observation 1.3; Accountabilities: Direct: I.B. Rai, AE, EID No. 7803040; Karma Choida, JE, EID No. 200507223; Supervisory: Sangay Tenzin, DE, EID No. 8808028).

**Status:** Observation not settled. The Dzongkhag Court, Sarpang issued verdict but the contractor failed to deposit the amount and the Dzongkhag forwarded the case again to Dzongkhag Court for enforcement.

b) The Dzongkhag Administration had not recovered a sum of Nu. 0.130 million on account of liquidated damages and 20% penalty on value of works not completed from the contractor upon termination of contract for construction of two numbers of Aqua Privy Toilets at Dekiling Lower Secondary School. The contractor is yet to comply with the verdict of the Royal Court of Justice, Sarpang. (AIN 12342; Observation 2.2; Accountabilities: Direct: Chenchu Wangdi, JE, EID No. 201101233; Supervisory: Sangay Tenzin, DE, EID No. 8808028).

**Status:** Observation not settled. The case is sub judice in the Dzongkhag Court, Sarpang. The contractor could not be traced out and it was advertised in BBS too.

### 3.2 Payment without approval – Nu. 0.185 million

The Dungkhag Administration, Gelephu had paid a sum of Nu. 0.185 million from the Losal Cinema Hall Account as TA/DA for 140 days to Administrative Assistant for frequent travel to Sikkim for legal works. There was no proper office order from the competent authority directing the Administrative Assistant to travel to Gangtok, Sikkim. The case was forwarded to Anti-Corruption Commission. (AIN 12304; Observation 4 of Part 1; Accountabilities: Direct: Sonam Norbu, Administrative Assistant, EID No. 200508102; Supervisory: Pema Wangdi, Dungpa, EID No. 8210003; Thrimda Wogma Tshering Dorji, RBP, Gelephu, PIN 119).

**Status:** Observation not settled. The defendants have appealed to High Court after the Sarpang Dzongkhag Court had convicted the former Drungpa to 8 years imprisonment (33 years compoundable and 8 years non-compoundable as per Kuensel dated July 18, 2018) and Sonam Norbu to three years non-compoundable.

### 3.3 Non-compliance to Procurement Rules & Regulations

The Dungkhag Administration Gelephu had violated the Procurement Rules & Regulations in awarding the contract for the roofing works of three buildings to a contractor on lump sum amount of Nu. 1.500 million against the estimated cost of Nu. 1.745 million. Though the roofing works of Janta Bakery & Naitai Hotel Building were not approved by the Thromde, the contract was found awarded. The case was forwarded to Anti-Corruption Commission. (AIN 12304; Observation 9 of Part 1; Accountabilities: Direct: Sonam Norbu, Administrative Assistant, EID No. 200508102; Supervisory: Pema Wangdi, Dungpa, EID No. 8210003; Thrimda Wogma Tshering Dorji, RBP, Gelephu, PIN 119).

**Status:** Observation not settled. The defendants have appealed to High Court after the Sarpang Dzongkhag Court had convicted the former Drungpa to 8 years imprisonment (33 years compoundable and 8 years non-compoundable as per Kuensel dated July 18, 2018) and Sonam Norbu to three years non-compoundable.

## 4 Shortfalls, Lapses and Deficiencies – Nu. 1.433 million

### 4.1 Non-recovery of advances – Nu. 1.338 million

- a) The Dzongkhag Administration had not recovered outstanding advance of Nu. 1.032 million on account of secured advance, mobilization advance and other advances from the contractor upon termination of contract for construction of BHU Grade II at Sarpang Seer. The contractor is yet to comply with the verdict of the Royal Court of Justice, Sarpang. (AIN 12342; Observation 1.2; Accountabilities: Direct: I.B. Rai, AE, EID No. 7803040; Karma Choida, JE, EID No. 200507223; Supervisory: Sangay Tenzin, DE, EID No. 8808028).

**Status:** Observation partially settled. Out of Nu.1.032 million; Nu.0.091 million was adjusted vide letter No. SD/Acct-25/2014-2015/2558 dated 28/10/2014 leaving a balance of Nu.0.941 million.

- b) The Dzongkhag Administration had not recovered secured advances of Nu. 0.397 million from the contractor upon termination of contract for construction of two numbers of Aqua Privy Toilets at Dekiling Lower Secondary School. The contractor is yet to comply with the verdict of the Royal Court of Justice, Sarpang. (AIN 12342; Observation 2.1; Accountabilities: Direct: Chenchu Wangdi, JE, EID No. 201101233; Supervisory: Sangay Tenzin, DE, EID No. 8808028).

**Status:** Observation not settled. The Dzongkhag Administration has forwarded the case to Dzongkhag Court, Sarpang. The contractor could not be traced out and it was advertised in BBS too.

## 4.2 Non-recovery of advance – Nu. 0.095 million

The Dungkhag Administration, Gelephu had an overdue outstanding advance of Nu. 0.095 million against various employees. The case was forwarded to Anti-Corruption Commission. (AIN 12304; Observation 8 of Part 1; Accountabilities: Direct: Sonam Norbu, Administrative Assistant, EID No. 200508102; Supervisory: Pema Wangdi, Dungpa, EID No. 8210003; Thrimda Wagma Tshering Dorji, RBP, Gelephu, PIN 119).

**Status:** Observation not settled. The defendants have appealed to High Court after the Sarpang Dzongkhag Court had convicted the former Drugpa to 8 years imprisonment (33 years compoundable and 8 years non-compoundable as per Kuensel dated July 18, 2018) and Sonam Norbu to three years non-compoundable.

### 4.2.2 Dzongkhag Administration, Chhukha

Out of the total unsettled irregularities of Nu.0.011 million reported to the Parliament in November 2019, the Dzongkhag Administration, Chhukha had not settled any irregularities as on 30 Sept. 2020 as summarized below

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
1	Violation of Laws & Rules	-	-	-	-
2	Shortfalls, lapses and deficiencies	0.011	-	0.011	-
	<b>Total</b>	<b>0.011</b>	<b>-</b>	<b>0.011</b>	<b>-</b>

The detailed status of irregularities reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 are as discussed below:

#### 1. Violation of Laws and Rules

##### 1.1 Non-deduction of rebate

The Dungkhag Administration, Phuentsholing, had not deducted 5% rebate of Nu. 0.384 million from the final bill in the construction works at Shinchula & Tashilakha. (AIN 12144; Observation 3; Accountabilities: Direct: Thinley Penjor, Municipal Engineer, EID No. 201001177; Supervisory: Tshering Chopel, DE, EID No. 8808013).

**Status:** Observation not settled. While the principal amount was already liquidated, the 24% pa penalty of Nu. 52,558.53 is yet to be recovered.

#### 2. Shortfalls, Lapses and Deficiencies – Nu. 0.011 million

##### 2.1 Excess payments – Nu. 0.011 million

- a) The Dzongkhag Administration had made excess payments of Nu. 0.407 million to contractors for various construction works during the year due to difference in the quantities paid for and quantities actually executed at sites. (AIN 12190; Observation1; Accountabilities: Direct: Chura Muni Bhattarai, Engineer, EID No. 200807182, Yonten Norbu, Dungkhag Engineer, EID No. 200507210; Supervisory: Tshering Chopel, DE, EID No. 8808013).



**Status:** Observation partially settled. An amount of Nu. 0.036 million was deposited into audit recoveries account leaving a balance of Nu. 0.011 million.

#### 4.2.5 Dzongkhag Administration, Trashigang

Out of the total unsettled irregularity of Nu.0.411 million reported to the Parliament in November 2019, the Dzongkhag Administration, Trashigang had settled the same as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
1	Shortfalls, lapses and deficiencies	0.411	0.411	-	100
	<b>Total</b>	<b>0.411</b>	<b>0.411</b>	<b>-</b>	<b>-</b>

The detailed status of irregularity reported to the Parliament in November 2019 which has been settled as on 30 Sept. 2020 is as discussed below:

#### 1. Shortfalls, Lapses and Deficiencies

##### 1.1 Non-refund of penalty and excess payment

The Dzongkhag Administration had made excess payment of Nu. 0.411 million including 20% penalty for works not executed in the construction of Caretaker's Residence at Chazam Lhakhang due to difference in the quantities paid for and quantities actually executed at site. (AIN 11810; Observation 1.3; Accountabilities: Direct: Chador Phuntsho, Dy. EE, EID No.9102052; Supervisory: Chador Phuntsho, Dy. EE, EID No.9102052).

**Status:** Observation was settled as the amount was deposited vide receipt No. 429561 dated 22.4.2020. The penalty portion was updated based on the High Court verdict No. ref.No.(Cheytho17-275) 2018/3931 dated 28.12.2018.

#### 4.3 GEWOGS

##### 1. Phuentsholing Gewog

The Gewog Administration, Phuentsholing had unsettled irregularities of Nu.0.045 million reported to the Parliament in November 2019. It remained unsettled as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
1	Shortfalls, lapses and deficiencies	0.045	-	0.045	-
	<b>Total</b>	<b>0.045</b>	<b>-</b>	<b>0.045</b>	<b>-</b>

The detailed status of irregularity reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 is as discussed below:

## 1. Mismanagement – Nu. 0.045 million

### 1.1 Non-deposit & non-collection of rural taxes – Nu. 0.045 million

The Gewog Administration had not deposited rural taxes amounting to Nu. 0.045 million into CD Account. Further, taxes amounting to Nu. 0.011 million was yet to be collected. *(AIN 12188; Observation 2.1; Accountabilities: Direct: Chandra Bdr. Ghalley, Gup, CID No. 10211000579; Supervisory: Chandra Bdr. Ghalley, Gup, CID No. 10211000579).*

**Status:** *Observation remained unsettled. The outcome of the GT meeting duly endorsed by the GT is still awaited in RAA.*

## 2. Naja Gewog

Out of the one unsettled irregularity under violation of laws and rules reported to the Parliament in November 2019, the Gewog Administration, Naja had not settled the irregularity as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliamentas on 30/11/2019	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
3	Violation of laws & rules	-	-	-	
	Total	-	-	-	

The detailed status of irregularity reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 is as discussed below:

## 3. Violation of laws and rules

### 3.1 Lack of proper documents resultant non-ascertainment of work done

The Gewog Administration had incurred total expenditure of Nu. 3.500 million for blasting and cutting of cliff length of 192 metres above Haa chu and clearing of remaining road length of 2.5 km towards Bemphu village. However, in absence of proper documents and non-recording of the measurement of work done during the execution, the expenditure incurred against the actual amount of work done could not be ascertained. *(AIN 11868; Observation 1.9; Accountabilities: Direct: Kado, Gup, CID No. 10807001121/9907204u; Supervisory: Kado, Gup, CID No. 10807001121/9907204u).*

**Status:** *Observation not settled. The case is under review by the ACC.*

## 4.2 AUTONOMOUS BODIES

### 4.4.1 Bhutan Education City Secretariat

Out of the total unsettled irregularity of Nu.110.184 million reported to the Parliament in November 2019, the Bhutan Education City Secretariat had settled the irregularity as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
1	Mismanagement	110.184	110.184	-	100
	<b>Total</b>	<b>110.184</b>	<b>110.184</b>	<b>-</b>	

The detailed status of irregularity reported to the Parliament in November 2019 which has been settled as on 30 Sept. 2020 is as discussed below:

#### 1. Mismanagement – Nu. 110.184 million

##### 1.1 Avoidable and wasteful expenditure – Nu.110.184 million

The Bhutan Education City Secretariat and DHI-INFRA had made huge investments of Nu. 110.184 millions for construction of various ancillary infrastructures for the Bhutan Education City Project. The Project was terminated because the land identified and acquired for the project violated the Land Act. If an alternate use is not identified for the ancillary infrastructures constructed, the project's closure will put the huge investment to waste. (AIN 12620; Observation 1.1).

**Status:** Observation not settled.

*As per the letter No.MoWHS/DS/Audit/2020-2021/358 dated 25/09/2020, the Hon'ble Minister, Ministry of Works and Human Settlement has stated that no instructions have been received as for what should be done for the utilization of the facilities created. Further, it was stated that the issue shall be put up to the Cabinet and appraise the concern raised by the RAA and the directives of the Cabinet shall be shared.*

#### 4.2.2 Royal University of Bhutan

The unsettled irregularity of Nu.5.814 million reported to the Parliament in November 2019 had been settled by the Royal University of Bhutan as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019	Amount Settled (Nu. in Million)	30/09/2020	% Settled
2	Violation of Laws & Rules	5.814	5.814	-	100
	<b>Total</b>	<b>5.814</b>	<b>5.814</b>	<b>-</b>	

The detailed status of irregularities reported to the Parliament in November 2019 which had been settled as on 30 Sept. 2020 is as discussed below:

#### 1. Violation of Laws and Rules

##### 2.1 Unreasonable grant of time extension and short recovery of liquidated damages – Nu.5.814 million

- a) The Institute of Language and Cultural Studies, Taktse, Trongsa had granted abnormal time extension of 210 days to the contractor for the construction of Administrative Building and Academic Block against justified hindrances of 139 days. This resulted in time overrun and also short realization of liquidated damages amounting to Nu. 5.814 million for the delay of 71 days. (AIN 12243; Observation 4; Accountabilities: Direct: Lungtaen Gyatso, Director, EID No. 9903073; Supervisory: Lungtaen Gyatso, Director, EID No. 9903073)

**Status:** The observation was settled vide letter No.CLCS/Accts-02/2020/409 dated 01/10/2019 based on the High Court's verdict upholding the decision of Arbitration which was endorsed by the 3<sup>rd</sup> Follow-up Committee Meeting held on 19/03/2020.

## 4.5 CORPORATIONS

### 4.5.1 Dungsam Cement Corporation Limited

Out of the total unsettled irregularities of Nu.0.644 million reported to the Parliament in November 2019, the Dungsam Cement Corporation Limited had not settled any irregularities as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
1	Shortfalls, lapses and deficiencies	0.644	-	0.644	-
	<b>Total</b>	<b>0.644</b>	<b>-</b>	<b>0.644</b>	<b>-</b>

The detailed status of irregularities reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 are as discussed below:

#### 1. Shortfalls, Lapses and Deficiencies – Nu. 0.644 million

##### 1.1. Excess payment– Nu. 0.592 million

- a) The Dungsam Cement Corporation Limited, Nanglam, Pemagatshel had made excess payments of Nu. 0.519 million to contractor on account of wages and over-time charges. (AIN 12328; Observation 5.1; Accountabilities: Direct: Ghana Shyam Regmi, Works Asstt., CID No. 11109002699, EID No. 95; Supervisory: Kinley, Asstt. Logistic, CID No. 10807002324, EID No. 16).

**Status:** Observation not settled. The case in sub judice in Dzongkhag Court, Pemagatshel.

- b) The Dungsam Cement Corporation Limited, Nanglam, Pemagatshel had made excess payments of Nu. 0.073 million to contractor on account of supervision fees due to calculation error. (AIN 12328; Observation 5.2; Accountabilities: Direct: Ghana Shyam Regmi, Works Asstt., CID No. 11109002699, EID No. 95; Supervisory: Kinley, Asstt. Logistic, CID No. 10807002324, EID No. 16)

**Status:** Observation not settled. The case in sub judice in Dzongkhag Court, Pemagatshel.

##### 3.2 Double payment – Nu. 0.052 million

- a) The Dungsam Cement Corporation Limited, Nanglam, Pemagatshel had made double payments of Nu. 0.052 Million to labourers on account of wages due to repetition of names in the register. (AIN 12328; Observation 5.3; Accountabilities: Direct: Ghana Shyam Regmi, Works Asstt., CID No. 11109002699, EID No. 95; Supervisory: Kinley, Asstt. Logistic, CID No. 10807002324, EID No. 16).

**Status:** Observation not settled. The case in sub judice in Dzongkhag Court, Pemagatshel.

#### 4.5.4 Food Corporation of Bhutan Limited

Out of the total unsettled irregularities of Nu.3.212 million reported to the Parliament in November 2019, the Food Corporation of Bhutan Limited had not settled any irregularities as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
1	Mismanagement	0.095	-	0.095	-
2	Shortfalls, lapses and deficiencies	3.117	-	3.117	-
	<b>Total</b>	<b>3.212</b>	<b>-</b>	<b>3.212</b>	<b>-</b>

The detailed status of irregularities reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 are as discussed below:

#### 1. Mismanagement – Nu. 0.095 million

##### 1.1 Outstanding rent – Nu. 0.095 million

The Food Corporation of Bhutan Limited, Phuentsholing had overdue outstanding rents amounting to Nu. 0.109 million for lease of auction yard and go-downs. *(AIN 12125; Observation 2; Accountabilities: Direct: Pemo, Office Assistant. EID No. 891600; Supervisory: Pema Wangchuk, Head of Administration Department, EID No. 910110).*

**Status:** *Observation not settled. During the PAC consultative meeting held at Samtse from 30/09/19 – 02/10/19, it was informed that accountable person is missing. Accordingly, meeting decided to put up the matter in proposed stakeholders meeting of PAC, OAG, RBP, Judiciary and RAA to discuss on way forward.*

#### 2. Shortfall, lapses and deficiencies – Nu. 3.117million

##### 2.2 Shortages of food grains at bulk go-down – Nu. 3.117 million

The Food Corporation of Bhutan Limited, Phuentsholing had shortages valuing Nu. 3.117 million adjusted in the books of accounts pertaining to the accounts of bulk go-down. The case was forwarded to the Anti-Corruption Commission. *(AIN 12125; Observation 4; Accountabilities: Direct: ChampayDukpa, Ex-Bulk Manager, EID No. 750037; Supervisory: Pema Wangchuk, Head, Administration Department, EID No. 910110).*

**Status:** *Observation not settled. The Anti Corruption Commission after investigation has forwarded the case to the Office of the Attorney General for prosecution vide their letter No.ACC/DoI-III/Case-09/2013/574 dated 19/7/2016. During the PAC consultative meeting held at Samtse from 30/09/19 – 02/10/19, the FCBL was directed to submit the decision of Court to RAA and PAC as soon as verdict is delivered.*

#### 4.6 FINANCIAL INSTITUTIONS

##### 4.6.5 Royal Monetary Authority of Bhutan

The Royal Monetary Authority of Bhutan had one unsettled irregularity under fraud, corruption and embezzlement reported to the Parliament in November 2019 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
1	Fraud, Corruption & Embezzlement	-	-	-	-
	<b>Total</b>	-	-	-	-

The detailed status of irregularity reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 is as discussed below:

## **1. Fraud, Corruption and Embezzlement**

### **1.1 Manipulation of documents and inadmissible payments**

The Deputy Governor had claimed full DSA of USD 600 to attend the SIBOS 2012, an annual conference, exhibition and networking event organised by Society for Worldwide Interbank Financial Telecommunications (SWIFT). The event was fully covered by the organisers including accommodation and meals. Thus, the official was only entitled for 30% DSA as prescribed in the RMA Staff Regulation 2006. The Deputy Governor had tampered and manipulated the invitation document to claim for full DSA. The payment of full DSA was approved by the Governor based on the Note-Sheet submitted by the Deputy Governor. The amount was recovered and case was forwarded to Anti-Corruption Commission. *(AIN 12431; Observation 3; Accountabilities: Direct: Eden Dema, Dy. Governor, CID No. 10503001473 Supervisory: Phub Dorji Tangbi, Director, AFD, CID No. 11705001431).*

**Status:** *Observation not settled. The case is sub judice in the Thimphu Dzongkhag Court.*

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# REVIEW REPORT OF ANNUAL AUDIT REPORT 2015

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**(Status as on 30 September 2020)**

**ROYAL AUDIT AUTHORITY**



## PART-I Summary of Review Report of AAR 2015

The Royal Audit Authority had submitted the review report of Annual Audit Report 2015 to the 2<sup>nd</sup> Session of the Third Parliament in November 2019. The Review Report had significant unsettled irregularities of Nu.298.610 million. 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, Nu.201.882 million were settled leaving a balance of Nu.96.728 million unsettled as on 30 Sept. 2020 as shown in the table below:

**Table:** Showing agency wise irregularities settled and balances as on 30 Sept. 2020

Sl No.	Agencies	Irregularities reported to the Parliament as on 30/11/2019 (Nu. In million)	Amount settled	Balance as on 30/09/2020	Amount settled %
1	Ministries	23.648	3.764	19.884	15.92
2	Dzongkhags	0.331	-	0.331	-
3	Gewogs	0.083	-	0.083	-
4	Autonomous Bodies	22.524	-	22.524	-
<b>Total Budgetary Agencies - A (1 to 4)</b>		<b>46.586</b>	<b>3.764</b>	<b>42.822</b>	<b>8.08</b>
5	Corporations and Financial Institutions	53.906	-	53.906	-
<b>Non-Budgetary Agencies - B</b>		<b>53.906</b>	<b>-</b>	<b>53.906</b>	<b>-</b>
6	Hydro Power Projects	198.118	198.118	-	100
<b>Non-Budgetary Agencies- Hydro power - C</b>		<b>198.118</b>	<b>198.118</b>	<b>-</b>	<b>100</b>
<b>Total Non-Budgetary Agencies D (B+C)</b>		<b>252.024</b>	<b>198.118</b>	<b>53.906</b>	<b>78.61</b>
<b>Grand Total - E (A + D)</b>		<b>298.610</b>	<b>201.882</b>	<b>96.728</b>	<b>67.61</b>

As transpired from table above, the Budgetary Agencies had settled irregularities amounting to Nu.3.764 million leaving a balance of Nu.42.822 million. With respect to Non Budgetary Agencies, the irregularities of Nu.198.118 million were settled leaving a balance of Nu.53.906 million. As it is evident from the table above, the irregularities of the Non-budgetary agencies includes irregularities of Hydropower Projects also.

## PART - II: DETAILED REVIEW REPORT

### 4.1 MINISTRIES

#### 4.1.1 Ministry of Information & Communications

Out of the two unsettled significant irregularities under fraud, corruption and embezzlement reported to the Parliament in November 2019, the Ministry of Information & Communications had not settled any irregularities as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	Percentage settled
1	Fraud, Corruption & Embezzlement	-	-	-	-
	<b>Total</b>	-	-	-	-

The detailed status of unsettled irregularities reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2019 are as discussed below:

#### 1. Fraud, Corruption & Embezzlement

##### 1.1 Disbursements not supported by documents indicating unauthorized and fictitious payments

The Accountant of the Ministry of Information and Communications had misused Nu.2.171 million from various disbursements made without supporting documents, appropriate approvals, indiscriminate booking of expenditures under various object codes on the basis of availability of fund balances, and improper documentation process with resultant missing of accounting records. The amount was recovered and case forwarded to Anti-Corruption Commission. Further, the individual was terminated from service by the Ministry. (AIN: 12916; Part A, Observation 1 & Part B, Observation 2; Accountabilities: Direct: Pema Chheney, Accountant, EID .No.9704039; Supervisory: Ugyen Tshewang, Senior Accounts Officer, EID No.7609010).

**Status:** Observation not settled. The Ministry has reported that entire amount had been recovered and deposited into Audit Recoveries. As recommended, the case has been forwarded to the Office of the Attorney General for prosecution but could not institute criminal suit in absence of the defendant from the country.

##### 1.1 Accrued penalty on the misuse of government funds

The Accountant of the Ministry of Information and Communications had misused government funds from the accounts of the Secretariat and the Department of Information & Media amounting to Nu.4.559 million on which penalty accrued amounted to Nu.0.980 million as follows:

Sl. No.	Observation in Brief	Amount (Nu.in million)	Penalty (Nu.in million)	Observation No.
<b>Part A : Secretariat, MoIC</b>				

1	Non-accountal of cash withdrawn from Bank in the books of accounts	0	0.073	2.1
2	Booking of unauthorized advance and subsequent refunds in cash	0.650	0.123	2.2
3	Unauthorized retention of amounts outside the books of accounts for 209 days	0.700	0.096	2.3
4	Retention of yearend closing cash balances for periods ranging from 21 to 359 days despite being reflected in the Receipts and Payment Statements as surrender to DPA	0.485	0.059	2.4
5	Misrepresentation of refunds of security deposits to parties in the books of accounts and misuse of the amounts through withdrawals of cheques	0.244	0.139	3
6	Charging the amount as expenditure without actually executing the works and misusing the amount withdrawn	0.341	0.262	4
<b>Part B : Department of Information &amp; Media, MoIC</b>				
7	Booking of unauthorized advance and subsequent refunds in cash	0.758	0.121	1.1
8	Misrepresentation of information in the Receipts and Payment Statements by showing surrender of cash balances without actually depositing the amount with the DPA	0.919	0.077	1.2
9	Non-accountal of cash withdrawn from Bank in the books of accounts	0.223	0.030	1.3
	<b>Total</b>	<b>4.559</b>	<b>0.980</b>	

The misused amounts including accrued penalty were recovered and case forwarded to the Anti-Corruption Commission. Further, the individual was terminated from service by the Ministry. (AIN: 12916; Accountabilities: Direct: Pema Chheney, Accountant, EID No.9704039; Supervisory: Ugyen Tshewang, Senior Accounts Officer, EID No.7609010).

**Status:** Observation not settled. The Ministry has reported that entire amount had been recovered and deposited into Audit Recoveries. As recommended, the case has been forwarded to the Office of the Attorney General for prosecution but could not institute criminal suit in absence of the defendant from the country.

#### 4.1.2 Ministry of Agriculture and Forests

The Ministry of Agriculture and Forests had unsettled irregularity of Nu.14.446 million reported to the Parliament in November 2019, out of which Nu.1.220 had been settled leaving a balance of Nu.13.226 unsettled as on 30 Sept. 2020 as mentioned below:

Sl. No.	Observation Category	Irregularities reported to the Parliament 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	Percentage settled
1	Violation of Laws and Rules	14.446	1.220	13.226	8.45
	<b>Total</b>	<b>14.446</b>	<b>1.220</b>	<b>13.226</b>	<b>-</b>

The detailed status of unsettled irregularity reported to the Parliament in November 2019 and the irregularity settled thereafter and the balance as on 30 Sept. 2020 is as discussed below:

## 1. Violation of Laws and Rules – Nu.13.226 million

### 1.1. Non-collection of Government Revenue – Nu.13.226 million

The Department of Forests and Park Services had not collected government revenue amounting to Nu.14.446 million on account of seizure of Red Sander Wood. (AIN: 13307; Observation 1.1; Accountabilities: Direct: Kencho Wangdi, Sr. Forest Ranger, EID No.9507072, Lobzang Dorji, Director, EID.9101141. Supervisory: Tashi Tobgay, CFO, EID No.9410070, Lhendup Tharchen, CFO, EID No.200801028, Kaka Tshering, CFO, EID No.8205001).

**Status:** Observation partially settled. Out of the total amount of Nu.14.446 million; Nu.1.220 million was adjusted leaving a balance of Nu.13.226 million unresolved.

## 4.1.3 Ministry of Finance

The Ministry of Finance had unsettled irregularity of Nu. 2.544 million reported to the Parliament in November 2019. The same had been settled as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as of 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	Percentage settled
1	Mismanagement	2.544	2.544	-	100
	<b>Total</b>	<b>2.544</b>	<b>2.544</b>	<b>-</b>	

The details of irregularity reported to the Parliament in November 2019 which was settled as on 30 Sept. 2020 is as discussed below:

## 1. Mismanagement

### 1.1 Outstanding taxes

The Regional Revenue & Customs Office, Thimphu had overdue outstanding taxes of Nu.9.573 million against various tax payers. (AIN: 12818; Observation 1; Accountabilities: Direct: Kencho Dorji, Dy Collector, EID No. 2004020496; Supervisory: Nidup Gyeltshen, Regional Director, EID No.9610072).

**Status:** The observation was settled as all the outstanding amounts were settled.

## 4.1.4 Ministry of Health

Out of the total unsettled significant irregularities of Nu.6.658 million reported to the Parliament in November 2019, the Ministry of Health had not settled any irregularities as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	Percentage settled
1	Fraud, Corruption & Embezzlement	5.602	-	5.602	-
2	Mismanagement	1.056	-	1.056	-
	<b>Total</b>	<b>6.658</b>	<b>-</b>	<b>6.658</b>	

The details of irregularities reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 are as discussed below:

## **1. Fraud, Corruption & Embezzlement – Nu.5.602million**

### **1.1 Misuse of revenue collections through ‘teeming and lading’**

The Office Assistant acting as Accounts Assistant at the Jigme Dorji Wangchuck National Referral Hospital, Thimphu had misused revenue collections through teeming and lading of cash and cheques deposits. It was noted that cash collections were found retained for periods ranging from 3 days to 271 days in contravention to the Revenue Accounting Manual 2004 and the Financial Rules and Regulation 2001. The case was forwarded to Anti-Corruption Commission. (AIN: 12932; Observation 1.1; Accountabilities: Direct: Kinzang Choden, Office Assistant, EID No.200209001; Supervisory: Pema Namgay, Revenue Accountant, EID No.9404026).

**Status:** Observation not settled. The JDWNRH reported that the Office of the Attorney General has returned the case to ACC as it is not able to prosecute since the whereabouts of Kinzang Choden is not known.

### **1.2 Embezzlement of Government Revenue - Nu.5.579 million**

- a) The Office Assistant acting as Accounts Assistant of the Jigme Dorji Wangchuck National Referral Hospital, Thimphu had embezzled government revenue of Nu.5.545 million by misrepresenting the collections as deposits in the Revenue Accounting System. The case was forwarded to Anti-Corruption Commission. (AIN: 12932; Observation 1.2; Accountabilities: Direct: Kinzang Choden, Office Assistant, EID No.200209001; Supervisory: Pema Namgay, Revenue Accountant, EID No.9404026).

**Status:** Observation not settled. The JDWNRH reported that the Office of the Attorney General has returned the case to ACC as it is not able to prosecute since the whereabouts of Kinzang Choden is not known.

- b) The Office Assistant acting as Accounts Assistant of the Jigme Dorji Wangchuck National Referral Hospital, Thimphu had embezzled government revenue of Nu.0.034 million by not accounting the revenue collection in the Revenue Cash Book. The case was forwarded to Anti-Corruption Commission. (AIN: 12932; Observation 1.3; Accountabilities: Direct: Kinzang Choden, Office Assistant, EID No.200209001; Supervisory: Pema Namgay, Revenue Accountant, EID No.9404026)

**Status:** Observation not settled. The JDWNRH reported that the Office of the Attorney General has returned the case to ACC as it is not able to prosecute since the whereabouts of Kinzang Choden is not known.

### **1.3 Short-accountal of revenue - Nu.0.023 million**

The Office Assistant acting as Accounts Assistant of the Jigme Dorji Wangchuck National Referral Hospital, Thimphu had accounted less government revenue collection of Nu.0.023 million as against the actual amounts reflected in the revenue receipts. The case was forwarded to Anti-Corruption

Commission. (AIN: 12932; Observation 1.4; Accountabilities: Direct: Kinzang Choden, Office Assistant, EID No.200209001; Supervisory: Pema Namgay, Revenue Accountant, EID No.9404026)

**Status:** Observation not settled. The JDWNRH reported that the Office of the Attorney General has returned the case to ACC as it is not able to prosecute since the whereabouts of Kinzang Choden is not known.

## 2. Mismanagement – Nu.1.056 million

### 2.1 Penalty on late deposit of Government Revenue - Nu.1.056 million

The Office Assistant acting as Accounts Assistant of the Jigme Dorji Wangchuck National Referral Hospital had delayed in depositing government revenue for varying periods from 1 day to 333 days during the month and month ends in contravention to the clause 2.4 of the Revenue Accounting Manual 2004. This had led to recoverable late fines of Nu.1.056 million. (AIN: 12932; Observation 1.5; Accountabilities: Direct: Kinzang Choden, Office Assistant, EID No.200209001; Supervisory: Pema Namgay, Revenue Accountant, EID No.9404026)

**Status:** Observation not settled. The JDWNRH reported that the Office of the Attorney General has returned the case to ACC as it is not able to prosecute since the whereabouts of Kinzang Choden is not known.

## DZONGKHAGS

### 4.2.1 Dzongkhag Administration, Monggar

Out of the total significant irregularities of Nu.0.331 million reported to the Parliament in November 2019 the Dzongkhag Administration, Monggar had not settled any irregularities as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	Percentage settled
1	Violation of Laws & Rules	-	-	-	-
2	Shortfalls, Lapses and Deficiencies	0.331	-	0.331	-
	<b>Total</b>	<b>0.331</b>	<b>-</b>	<b>0.331</b>	

The detailed status of irregularities reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 are as discussed below:

## 1. Violation of Laws & Rules

### 1.1 Irregularities in the up-gradation of Out Reach Clinic to Basic Health Unit Grade-II

The Dzongkhag Administration had irregularities in the up-gradation of Out Reach Clinic to Basic Health Unit Grade-II at Muhoong as follows:

Sl. No.	Particulars	Amount (in Million)	Remarks
1	Skirting, Providing & fixing of squatting pan, Vitreous wash basin, Bibcock, Internal plumbing works, Installation, testing & commissioning of electrical works	2.837	liable liquidated damages for delayed works

The work was still under progress as of the dates of audit. (AIN: 12815; Observation 4; Accountabilities: Direct: Tenzin Dakpa, Assistant Engineer, EID. No.9607008; Supervisory: C.L Das, Dzongkhag Engineer, EID No.8808036)

**Status:** Observation not settled. It was informed during the PAC's consultative meeting held at Samdrupjongkhar from 27 to 28/09/19 that verdict of the Court could not be enforced as the whereabouts of the contractor is not known. It was decided that such cases of missing contractors will be discussed in the meeting among stakeholders viz. PAC, RBP, OAG, Judiciary and OAG to discuss way forward to resolve such matter and report in the upcoming winter session of the Parliament. Further, Mr. Tenzin Drakpa would be relieved of accountability as per the judgment of Court.

## 2. Shortfalls, Lapses and Deficiencies – Nu.0.331million

### 2.1 Over payment and liable liquidated damages - Nu.0.331 million

The Dzongkhag Administration had made overpayment of Nu.0.331 million on the up-gradation of Out Reach Clinic to Basic Health Unit-II at Sengor. Further, liquidated damages amounting to Nu.3.131 million was not levied for delay in completion of works. (AIN: 12815; Observation 2; Accountabilities: Direct: Kinley Penjor, Assistant Engineer, EID No.201001714; Supervisory: C.L Das, Dzongkhag Engineer, EID No.8808036).

**Status:** Observation not settled. As per the PAC public consultative meeting held at Samdrupjongkhar from 27 to 28/09/19 instruction was given to the Dzongkhag Administration to follow up with the Court and RAA intimated accordingly.

### 4.2.3 Dzongkhag Administration, Trashigang

One unsettled irregularity under shortfalls, lapses and deficiencies was reported to the Parliament in November 2019. The Dzongkhag Administration, Trashigang had settled the same as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	Percentage settled
2	Shortfalls, Lapses and Deficiencies	-	-	-	100
	<b>Total</b>	-	-	-	

The details of unsettled irregularity reported to the Parliament in November 2019 which has been settled as on 30 Sept. 2020 is as discussed below:



## 1. Shortfalls, Lapses and Deficiencies

### 1.1 Outstanding advances

The Dzongkhag Administration had an overdue outstanding advances amounting to Nu.0.809 million against various officials, contractors and suppliers. (AIN: 12833; Observation 2; Accountabilities: Direct: Engine Dorji, Accountant, EID No.200907006; Sonam Choden, CID No.10906002307; Lam Dorji, Accountant, EID No.201007217; Dorji Sangay, EID No.7701003; Chador Phuntsho, EID No.9102052; Jigme Tenzin, Accountant, EID No. 200807250; Yeshe Dorji, EID No.200207373; Karma Wangchuk, Accountant, EID No.200807252; Supervisory: Lhap Tshering, AO, EID No.201001037)

**Status:** The observation was settled as the dues were fully settled.

## 4.3 GEWOGS

### 4.3.1 Gewogs under Chhukha Dzongkhag

#### I. Loggchina Gewog

The Gewog Administration, Loggchina had unsettled irregularity of Nu.0.033 million reported to the Parliament in November 2019 and continue to remain unsettled as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	Percentage settled
1	Shortfalls, lapses and deficiencies	0.033	-	0.033	-
	<b>Total</b>	<b>0.033</b>	<b>-</b>	<b>0.033</b>	<b>-</b>

The detailed status of irregularity reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 is as discussed below:

## 1. Shortfalls, lapses and deficiencies – Nu.0.033 million

### 1.1 Excess payment – Nu.0.033 million

The Gewog Administration had made an excess payment of Nu.0.183 million for the electrification of ORCs, grinding mills and construction of boundary fencing at Gewog Office, due to non-deduction of 5% rebate and non-execution of some items of works at site. (AIN: 12761; Observation 2; Accountabilities: Direct: Yonten Norbu, JE, EID No.200507210; Supervisory: Indra Lala Galley, Gup, CID No.20209000581).

**Status:** Observation not settled. During the PAC consultative meeting held at Samtse from 30/09/19 - 2/10/19, the site engineer was directed to discuss the issue with the Office of the Assistant Auditor General (OAAG), Phuentsholing with additional documents within two weeks from the date of meeting. However, it is reported that site engineer had not reported to OAAG, Phuentsholing for discussion.

### 4.3.2 Gewogs under Paro Dzongkhag

#### I. Naja Gewog

One unsettled significant irregularity under fraud, corruption and embezzlement was reported to the Parliament in November 2019, the Gewog Administration, Naja had settled the same as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	Percentage settled
1	Fraud, Corruption & Embezzlement	-	-	-	100
	<b>Total</b>	-	-	-	-

The detailed status of irregularity reported to the Parliament in November 2019 which had been settled as on 30 Sept. 2020 is as discussed below:

#### 1. Fraud, Corruption & Embezzlement

##### 1.1 Misuse of rural taxes

Former Gewog Administrative Officer of the Gewog Administration had misused rural taxes amounting to Nu.0.059 million from the collections and deposits of rural taxes. The case was forwarded to Anti-Corruption Commission. (AIN: 12778; Observation 1.2; Accountabilities: Direct: Phub Gyeltshen, GAO, EID No. 9507311, Kado, Gup, CID No. 1080700121; Supervisory: Kado, Gup, CID No. 1080700121).

**Status:** The observation was settled based on the verdict issued by the High Court vide order No. Thruenchoe Ang -High-2020-197 dated 19/06/2020.

### Gewogs under Trongsa Dzongkhag

#### 1. Langthil Gewog

The Gewog Administration, Langthel had unsettled irregularity of Nu. 0.050 million reported to the Parliament in November 2019 and it continue to remain unsettled as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2020	Percentage resolved
1	Shortfalls, lapses and deficiencies	0.050	-	0.050	0
	<b>Total</b>	0.050	-	0.050	

The detailed status of irregularity reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 is as discussed below:

## 1. Shortfalls, lapses and deficiencies – Nu.0.050 million

### 1.1 Outstanding advances – Nu.0.050 million

The Gewog Administration had an overdue outstanding advances of Nu.0.050 million against the official. (AIN: 12795; Observation 1; Accountabilities: Direct: Lham Dorji, Gup, CID No.: 11703000465; Supervisory: Lham Dorji, Gup, CID No.: 11703000465).

**Status:** Observation not settled. Reminder letter issued vide letter No.RAA-BT/Fus-03/2019/804 dated 19/08/2019.

## 4.4. AUTONOMOUS AGENCIES

### 4.4.1 Royal University of Bhutan

Out of the total unsettled significant irregularities of Nu.15.394 million reported to the Parliament in November 2019, the Royal University of Bhutan had not settled any irregularities as of 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	Percentage settled
1	Mismanagement	0.885	-	0.885	-
2	Violation of laws and rules	14.509	-	14.509	-
	Total	15.394	-	15.394	

The detailed status of irregularities reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 are as discussed below:

## 1. Mismanagement – Nu.0.885 million

### 1.1 Non realization of penalty for not meeting the training obligation

The College of Natural Resources had not recovered penalty of Nu.2.195 million from one of its retired employees for failing to meet the training obligation in contravention to the BCSR 2012. (AIN: 13322; Observation: 1.1; Direct Accountability: Dr. Phub Dorji, Director General, EID No. 9312018; Dr. D.B. Gurung, Dean Academic Affairs, EID No.8905003; Ugyen Thinley, Dean of Student Affairs, EID No. 9801067; Ugyen Yangchen, HOD (Agriculture), EID No. 200701088; Dr. Rekha Chhetri, HOD (Sustainable Development), EID No. 9801093; Lobzang Penjore, Administrative Officer, EID No. 201104034; Supervisory Accountability: Dr. Phub Dorji, Director General, EID No. 9312018).

**Status:** Observation partially settled. While the principal amount was deposited into audit recoveries account, the 24% penalty of Nu.362,855.48 is still not recovered. The 3<sup>rd</sup> Follow-up Committee meeting of RAA held on 03/07/19 decided to initiate recovery from the HR committee members as they have authorised to recover only the principal amount in three instalments.

## **1.2 Non-realization of tuition fees from self-financed candidates even after completion of studies – Nu.0.885 million**

The College of Natural Resources had outstanding tuition fees of Nu.0.885 million against students on self-funding basis. Fees were not realised even after completion of their studies due to lack of clear guidelines and proper coordination amongst officials concerned. (AIN: 13322; Observation: 1.4; Direct Accountability: Dr. D.B. Gurung, Dean Academic Affairs, EID No.8905003; Supervisory Accountability: Dr. Phub Dorji, Director General, EID No.9312018).

**Status:** Observation remained unsettled.

## **2. Violation of Laws and Rules - Nu.14.509 million**

### **2.1 Non-renewal of performance guarantee**

The College of Science and Technology, Phuentsholing did not furnish the 10% Performance Guarantee amounting to Nu.14.509 million for verification by RAA. The Performance Guarantee was not renewed after 14<sup>th</sup> November 2012. Instead, upon the advice of the M/s Yalama Consultant, the contractor was instructed to produce Performance Security amounting to Nu.9.300 million for the remaining work value. The same was produced by the Contractor which was also due for renewal. (AIN: 13025; Observation: 1(i); Accountabilities: Direct: Ugyen Dorji, HOD (Civil), EID No: 200301038; Supervisory: Dr. Cheki Dorji, Director, EID No: 9307009).

**Status:** Observation not settled. The case is subjudice in the Supreme Court.

### **2.2 Non-renewal of Bank Guarantee**

The College of Science and Technology, Phuentsholing had refunded Security Deposit deducted from the Running Account Bills amounting to Nu.15.745 million based on the production of an expired unconditional bank guarantee. The bank guarantee was not renewed after 31<sup>st</sup> December 2014. (AIN: 13025; Observation: 1(ii); Accountabilities: Direct: Ugyen Dorji, HOD (Civil), EID No: 200301038; Supervisory: Dr. Cheki Dorji, Director, EID No: 9307009).

**Status:** Observation not settled. The case is subjudice in the Supreme Court.

### **2.3 Non-levy of liquidated damages Nu.14.509 million**

The College of Science and Technology, Phuentsholing had not levied Liquidated Damages amounting to Nu.14.509 million for delay in the completion of work, even after expiry of extended period. (AIN: 13025; Observation: 1(iii); Accountabilities: Direct: Ugyen Dorji, HOD (Civil), EID No: 200301038; Supervisory: Dr. Cheki Dorji, Director, EID No: 9307009).

**Status:** Observation not settled. The case is subjudice in the Supreme Court.

## **4.4.2 National Land Commission**

Out of total irregularity of Nu.0.083 million reported to the Parliament in November 2019, NLC had not settled the same as of 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	Percentage settled
1	Mismanagement	0.083		0.083	0.00
	<b>Total</b>	<b>0.083</b>	<b>-</b>	<b>0.083</b>	

The detailed status of irregularity reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 is discussed as below:

#### 1. Mismanagement - Nu. 0.083 million

##### 1.1 Outstanding Proceeds from issue of Feno Pegs – Nu. 0.083 million

The National Land Commission, Thimphu had outstanding proceeds recoverable from issue of Feno Pegs worth Nu.14.370 million issued against field officials. (AIN: 12649; Observation: 4; Accountabilities: Direct: Pema Thinley, Store In-Charge, EID No.: 201002014; Supervisory: Tshewang Namgay, Officiating Chief Administrative Officer, EID No.: 201008001).

**Status:** Observation not settled as the balance of Nu.0.083 million has not been recovered.

#### 4.4.3 Election Commission of Bhutan

Out of the total significant irregularity of Nu.5.235 million reported to the Parliament in November 2019, the Election Commission of Bhutan had not settled the same as of 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	Percentage settled
1	Fraud, Corruption and Embezzlement	5.235	-	5.235	-
	<b>Total</b>	<b>5.235</b>	<b>-</b>	<b>5.235</b>	

The detailed status of irregularity reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 is as discussed below:

#### 1. Fraud, Corruption and Embezzlement - Nu.5.235 million

##### 1.1. Fraudulent practice in the payment of Postal Charges for Ordinary Letters - Nu.5.235 million

The Election Commission of Bhutan in contravention to the Financial Management Manual did not have receipts and other necessary supporting documents to substantiate the expenses of Nu.5.235 million incurred as postal charges for ordinary letters from 2010-2015. The payments were made based on the summary invoices/bills without records of the details of the ordinary letters such as the receivers' details and number/quantity of these letters. The ECB subsequently established the case of forgery and embezzlement and handed over to the Royal Bhutan Police and later to the Anti-Corruption Commission. (AIN: 13247; Observation: 2; Accountabilities: Direct: Kinzang Choden, Despatcher, EID No.:

201008056; Supervisory: Tashi Dorji, Chief Administrative Officer, EID No.: 83302009; Karma Dhendup Tshering, Chief Project Coordinator, EID No.: 7902010; and Dawa Tenzin, Secretary, EID No: 8709030).

**Status:** Observation not settled. The trial court rendered judgement on 27 December 2018 convicting defendant Lhawang Tshering for 9 years imprisonment and restitution of Nu. 5,096,209.00 but acquitted defendant Kinzang Choden on all charges. It is reported that the Office of the Attorney General has appealed to High Court against the judgement of the Trail Court.

#### 4.4.4 Bhutan Football Federation

Out of the total significant irregularities of Nu. 1.119 million reported to the Parliament in November 2019, Bhutan Football Federation had settled irregularities of Nu. 0.091 million leaving a balance of Nu.1.028 million as of 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	Percentage settled
1	Shortfalls, Lapses and Deficiencies	1.119	0.091	1.028	8.13
	<b>Total</b>	<b>1.119</b>	<b>0.091</b>	<b>1.028</b>	

The detailed status of irregularities reported to the Parliament in November 2019; irregularities settled there after and unsettled balance as on 30 Sept. 2020 are as discussed below:

#### 1. Shortfalls, Lapses and Deficiencies - Nu. 1.028 million

##### 1.1. Outstanding Advances

- a) The Bhutan Football Federation had overdue outstanding advances amounting to Nu.0.519 million from its FIFA Account against its officials and contractors. (AIN: 13224; Observation: 1; Accountabilities: Direct: Ugyen Wangchuk, General Secretary, CID No.1141102674; Supervisory: Ugyen Wangchuk, General Secretary, CID No.1141102674).

**Status:** Observation not settled. The principal amount was deposited into BFF account leaving 24% pa penalty of Nu.81,318.97 against Sl.No.5 unrecovered.

- b) The Bhutan Football Federation had overdue outstanding advances amounting to Nu.0.388 million from its AFC Account against officials and contractors. (AIN: 13225; Observation: 1; Accountabilities: Direct: Ugyen Wangchuk, General Secretary, CID No.1141102674; Supervisory: Ugyen Wangchuk, General Secretary, CID No.1141102674).

**Status:** Observation not settled. The principal amount was deposited into BFF account leaving the 24% pa penalty of Nu.83,137.61 against Sl.No.4 unrecovered.

- c) The Bhutan Football Federation had overdue outstanding advances amounting to Nu.1.157 million against officials and contractors. (AIN: 13282; Observation: 4; Accountabilities: Direct: Ugyen Wangchuk, General Secretary, CID No.1141102674; Supervisory: Ugyen Wangchuk, General Secretary, CID No.1141102674).

**Status:** Observation partially settled. The principal amount has been recovered leaving the 24% pa penalty unsettled.

## 1.2 Non-follow up of outstanding amount - Nu.1.028million

The Bhutan Football Federation had not followed up with M/s Friends United FC for overdue outstanding receivable of Nu.2.920 million on account of ticketing of King's Cup 2014. (AIN: 13282; Observation: 3; Accountabilities: Direct: Ugyen Wangchuk, General Secretary, CID No.1141102674; Supervisory: Ugyen Wangchuk, General Secretary, CID No.1141102674).

**Status:** Observation not settled as the balance of Nu.1.028 million was not recovered. PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu had instructed BFF to recover the amount (inclusive of 24% penalty) by 31st March, 2020. However, the amount remained unsettled as of 30 Sept. 2020.

### 4.4.5 Gross National Happiness Commission

The Gross National Happiness Commission had irregularity of Nu.0.684 million reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	Percentage settled
1	Violations of laws and rules	0.684	-	0.684	-
	<b>Total</b>	<b>0.684</b>	<b>-</b>	<b>0.684</b>	

The detailed status of irregularities reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 is as discussed below:

## 1. Violations of laws and rules – Nu.0.684 million

### 1.1 Non-production of documents - Nu.0.684 million

The Gross National Happiness Commission did not produce supporting documents for the expenditure of Nu.1.385 million incurred for Rural Education Foundation (REF) as deposit work from UNDP-Bhutan with assistance from CSO Authority. (AIN: 13310; Observation 1; Accountabilities: Direct: Thinley Namgyel, GNHC, EID No.8905025, Karwang Yobhzen, Executive Director, REF, CID No.11902001156; Supervisory: Rinchen Wangdi, Chief Programme Coordinator, GNHC, EID No.9407090).

**Status:** Observation not settled. The balance amount of Nu.0.684 million remained unsettled. As per the letter No.GNHC/Audit/2020/2151 dated 14/09/2020 the proprietor of REF has gone to USA and his return is not sure. Therefore, GNHC has put up the matter to the Ministry of Finance requesting for write off.



#### 4.4.7 Bhutan Cricket Federation

Out of the total unsettled significant irregularities of Nu. 0.009 million reported to the Parliament in November 2019, Bhutan Cricket Federation had settled the amount, however the irregularities remained unsettled as 24% pa accumulated penalties were not realized as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	Percentage settled
1	Shortfalls, Lapses and Deficiencies	0.009	0.009	0	-
	<b>Total</b>	<b>0.009</b>	<b>0.009</b>	<b>0</b>	

The detailed status of irregularities reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 are as discussed below:

#### 1. Shortfalls, Lapses and Deficiencies

##### 1.1. Missing Documents

The Bhutan Cricket Federation, Thimphu did not produce disbursement vouchers and related supporting documents for the period of 2009 to 2013 for audit verification. *(AIN: 13181; Observation:1; Accountabilities: Direct: Jigme N. Norbu, General Secretary, CID No. 114100068620; Supervisory: Jigme N. Norbu, General Secretary, CID No. 11410006862).*

**Status:** *Observation not settled. The PAC consultaive meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu directed the Bhutan Cricket Federation to put up the issue in upcoming Board meeting scheduled in December as one of the agenda to discuss and seek write off of the issue as there are not other options. The BCF was directed to share the minutes of Board meeting with RAA and PAC. However, no progress had been reported as of 30 Sept 2020.*

##### 1.1. Outstanding advances and Irregularities thereof

The Bhutan Cricket Federation, Thimphu had overdue outstanding advances amounting to Nu.0.540 million as under:

- There were no details and supporting documents for the advances given since January 2012 amounting to Nu.0.119 million against officials and suppliers;
- Outstanding advances at the year ended 31.12.2013 amounted to Nu.0.109 million; and
- Outstanding advances against an employee on Study Leave amounted to Nu.0.313 million.

*(AIN: 13181; Observation: 4; Accountabilities: Direct: Jigme N. Norbu, General Secretary, CID No. 11410006862066; Supervisory: Jigme N. Norbu, General Secretary, CID No. 11410006862).*

**Status:** *Observation partially settled. The principal amount has been recovered, however 24% pa accumulated penalty of Nu.23,225.00 remained unsettled.*

## 4.5. CORPORATIONS

### 4.5.1 Food Corporation of Bhutan Limited

Out of the total unsettled significant irregularities of Nu.11.383 million reported to the Parliament in November 2019, the irregularity of Nu.3.315 million had been settled as of 30 Sept. 2020 leaving a balance of Nu.8.068 million as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	Percentage settled
1	Fraud, Corruption and Embezzlement	6.465		6.465	-
2	Mismanagement	0.323		0.323	-
3	Violation of Laws and Rules	-		-	
4	Shortfalls, Lapses and Deficiencies	4.595	3.315	1.280	72.14
	<b>Total</b>	<b>11.383</b>	<b>3.315</b>	<b>8.068</b>	<b>29.12</b>

The detailed status of irregularities reported to the Parliament in November 2019, irregularities settled thereafter and the unsettled ones as on 30 Sept. 2020 are as discussed below:

#### 1. Fraud, Corruption and Embezzlement - Nu.6.465 million

##### 1.1 Stock and Cash shortage - Nu.2.120 million

The Food Corporation of Bhutan Limited, Samdrup Jongkhar had shortages of cash, stocks and unconfirmed sales aggregating to Nu.3.621 million detected by the Internal Audit. The RAA further reviewed the shortages and confirmed the findings of the internal audit. Shortages were primarily due to non-deposit of collections from daily sales and misuse of various food items.

FCBL management had charged the former Officiating Regional Manager in the Royal Court of Justice, Phuentsholing. As per the Court verdict the shortages of Nu.3.621 million were to be refunded by the incumbent on or before 8/7/2014, of which Nu.1.181 million has been recovered. (AIN: 13105; Observation: 1, Accountabilities; Direct: Cheten Tshering, Bulk Manager cum Officiating Regional Manager, Citizen ID No. 11514001614, Supervisory: Cheten Tshering, Bulk Manager cum Officiating Regional Manager, Citizen ID No. 11514001614).

**Status:** Observation partially settled. Out of Nu.2.441, the Management had recovered Nu.0.320 recovered through Court and adjusted vide letter No. FCBL/SJ/ 08/2019/ 377 of 16/08/2019, letter No. FCBL/SJ/08/2018/61 of 05/02/2018 and letter No. FCB/SJ/08/2017/797 of 08/12/2017. It is reported that management is still following up the recovery of balance amount of Nu. 2.121 million through Phuntsholing Dungkhag Court.

## 1.2. Misappropriation and shortages in Nganglam Depot- Nu.4.345 million

The Food Corporation of Bhutan Limited, Nganglam Depot had misappropriation and shortages of cash & stock of various food grains worth Nu.7.295 million. FCBL had recovered an amount of Nu.1.148 million as on 15<sup>th</sup> May 2015, leaving a balance of Nu.6.146 million. The case was forwarded to Anti-Corruption Commission upon the advice of the court as it pertained to the late Depot In-charge. (AIN:13105; Observation: 2, Accountabilities; Direct: Late Tshering Gyeltshen, Depot Incharge, Citizen ID No.10705000723, Supervisory: Pema Wangchuck, Regional Manager, Citizen ID No.10905004493).

**Status:** Observation partially settled. Out of Nu. 6.146 million the management had recovered Nu. 1.802 million through OAG leaving a balance of Nu.4.345 million. The case is still with the ACC and OAG.

## 2. Mismanagement-Nu.0.323 million

### 2.1 Non-imposition of penalty on late payment of rent - Nu.0.055 million

The Food Corporation of Bhutan Limited, Phuentsholing had failed to impose and collect 2% penalty for late deposit of rent amounting to Nu.0.055 million from various tenants due to non-enforcement of terms and conditions of lease agreement. (AIN: 13303; Observation: 2; Accountabilities; Direct: Pemo, EID No. 891600, CID No. 1141007665, Supervisory: Pema Wangchuk, EID No. 919145, CID No. 11213004156).

**Status:** Observation not settled. Based on the decision of PAC consultative meeting held at Samtse from 30/09/19 – 02/10/19, the RAA had reviewed the action taken response, however, the balance recoverable amount of Nu.0.055 million remained unsettled.

### 2.3 Irregular waiver of 50% fines and penalty on double declaration of rice imported from India by RRCO Nu.0.268 million

The Food Corporation of Bhutan Limited, Phuentsholing had imported Mansuri rice from M/s Balajee Enterprises, Hasimara, India on 02/03/2013 and another declaration was made on 05/03/2013 with the same invoice number of M/s Balajee Enterprises, Hasimara, except the brand of rice was changed to '551' rice.

The double invoicing case was detected by the Customs Office, Main Check Post, RRCO, Phuentsholing, upon FCBLs' declaration of the second import with the same invoice number on 5/03/2013. The appeal committee of the RRCO, Phuentsholing rejected the appeal made by the FCBL management and decided to impose 50% fines and penalties on the value of goods for Nu.0.268 million. But upon the third appeal by FCBL, RRCO waived off the penalty in contravention of provisions of the Sales Tax, Customs and Excise Act of Kingdom of Bhutan 2000. (AIN: 13303; Observation: 9; Accountabilities: Direct: Pema Wangchuk, Regional Manager EID No. 910110, CID No. 10905004493; Supervisory: Pema Wangchuk, Regional Manager EID No. 910110, CID No. 10905004493).

**Status:** Observation not settled. Based on the decision of PAC consultative meeting held at Samtse from 30/09/19 – 02/10/19, the RAA had reviewed the action taken response and remain status quo. The FCBL management should follow-up with the RRCO and intimate RAA on the action taken against the irregularity.

## 3. Violation of Laws and Rules

### 3.1 Indication of collusive bidding in purchase of rice from M/s Balajee Enterprises

M/s Balajee Enterprises had won the bid for supply of 551 (brand) rice on 05/03/2013 for the Food Corporation of Bhutan Limited, Depot Phuentsholing. The FCBL also received Mansuri rice two days before the submission and opening of the tender on 02/03/2013 from M/s Balajee Enterprises and was rejected on the same day. However, the management decided to retain the same Mansuri rice and convert it as 551 rice. Coincidentally the rate of Mansuri rice supplied earlier and rate quoted for 551 rice was exactly the same, which gave indications of collusive procurement. *(AIN: 13303; Observation: 9.1, Accountabilities; Direct: Pema Wangchuk, Regional Manager, EID No. 910110, CID No. 10905004493, Supervisory: Pema Wangchuk, Regional Manager EID No. 910110, CID No. 10905004493).*

**Status:** *Observation not settled. Based on the decision of PAC consultative meeting held at Samtse from 30/09/19 – 02/10/19, the RAA had reviewed the action taken response and remain status quo. The management had not submitted consolidated supporting documents to the RAA for the validation.*

#### **4. Shortfalls, Lapses and Deficiencies-Nu.0.128 million**

##### **4.1.1 Mismatch in the quantity of rice import between the RRCO import declaration and FCBL rice register**

The FCBL, Phuentsholing Depot had excess import of 492.345MT of rice as per the RRCO import declaration records. Upon cross verification of import declarations at RRCO, Phuentsholing vis-à-vis quantity of rice recorded in the FCBL rice purchase register, the account of imports were not found in the FCBL records. Hence, the genuineness of the import or short account could not be ascertained. *(AIN: 13303; Observation: 7; Accountabilities: Direct: Pema Wangchuk, Regional Manager EID No. 910110, CID No. 10905004493, Supervisory Accountability: Pema Wangchuk, Regional Manager, EID No. 910110, CID No. 10905004493).*

**Status:** *Observation not settled. The reconciliation statement along with copies of Import Declarations has not been submitted to the RAA for validation.*

##### **4.1.2 Inadequate IT organizational & operational controls resulting in shortage of 36MT of sugar - Nu.1.280 million**

The FCBL, Phuentsholing Bulk unit sold 36,000 kg of sugar @ Nu.35.58 per kg aggregating to Nu.1.281 million to Drangchu Beverages on credit. However, the Credit Sale was found deleted from the FCBL's DRUKFOOD Inventory System on 3/03/2013. This had occurred primarily due to inadequate organizational & operational IT security controls in place and also due to lack of proper monitoring of the system, thereby leaving room for manipulation of the system data. The case was forwarded to Anti-Corruption Commission. *(AIN: 13303; Observation: 11; Accountabilities: Direct: Jit Bdr. Biswa, Manager IT, EID No. 910128, CID No. 11109000101, Supervisory: Jit Bdr. Biswa, Manager IT, EID No. 910128, CID No. 11109000101).*

**Status:** *Observation not settled. The case is under review by the OAG.*

#### **4.2 Shortage of food grains commodities - Nu.3.315 million**

The FCBL, Phuentsholing, had food grain shortages valuing Nu.3.315 million during the year 2013. The case was forwarded to Anti-Corruption Commission. *(AIN: 13303; Observation: 12; Accountabilities: Direct: Pema Wangchuk, Regional Manager EID No. 910110, CID No. 10905004493, Supervisory Accountability: Pema Wangchuk, Regional Manager EID No. 910110, CID No. 10905004493).*

**Status:** The observation was settled from this report as the same observation has been reflected in AIN.13105 under observation No.1 vide report No. RAA/OAAG-Pling/FCBL-C34/2019/896 dated 20.11.2019. The case shall be pursued from AIN.13105.

#### 4.5.2 Dungsam Cement Corporation Limited

Out of the total significant irregularities of Nu.22.603 million reported to the Parliament in November 2019, the Dungsam Cement Corporation Ltd. had not settled any irregularities as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	Percentage settled
1	Fraud, Corruption and Embezzlement	22.603	-	22.603	-
	<b>Total</b>	<b>22.603</b>	<b>-</b>	<b>22.603</b>	

The detailed status of irregularities reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 are as discussed below:

#### 1. Fraud, Corruption and Embezzlement – Nu.22.603 million

##### 1.1. Embezzlement of company funds-Nu.22.603 million

The Dungsam Cement Corporation Limited had huge company funds amounting to Nu.22.603 embezzled primarily by the Head of Finance and the late Assistant Finance Officer through withdrawal of self cheques by engaging various fraudulent practices as summarized in the table below:

Observation No:	Fraud method engaged	Embezzled Amount (Nu.In million)
Case 1	Embezzlement of refund made by contractor	0.829
Case 2, 22, 27	Fictitious Payment based on photocopied bills	2.482
Cases 3, 13, 15, 17, 30	Fictitious Payment made on fake bills	5.436
Case 4, 48	Passing of unapproved/Cancelled voucher,	0.331
Cases 5, 9, 26, 31, 41	Fictitious BST payment	1.285
Cases 6, 10, 11, 14, 18, 21, 24, 25, 33, 35, 38, 39, 42, 44, 45, 46, 49	Withdrawal of vendor payment without due authorization through self cheques	4.848
Case 7	Payment on duplicate copy of bills for which payment were made on original bills in full earlier	0.034
Case 8, 36, 37, 43	Double payment	0.875
Cases 12, 16, 19, 28, 29, 32, 34, 40, 47, 51	Cheque drawn without any supporting documents	4.808
Case 20	Addition of figures after approval	0.250
Case 23	Embezzled but refunded at a later date prior to date of audit	0.873
Case 50	Payment for coal not supplied	0.552
<b>Total</b>		<b>22.603</b>

The embezzlement had occurred due to collusion of employees at different tiers in the finance division; collusion with employees across many divisions; employees of vendors having unrestricted access to copies of invoices; and lack of due diligence of officials vested with authority for approval and joint signatories of cheques. It also indicated lack of monitoring and supervision from the top management including CEO.

*(AIN: 13021; Observation: Cases 1-51; Accountabilities: Direct: Late Sangay Tshering, AFO, EID No. 27, CID 11410003558; Jigme Tshewang, Head, Finance, EID No. 39, CID 11101003631;; Supervisory: Mr. Tshering Tenzin, GM (FAD), EID No. 43, CID No. 10103002448; Dorji Norbu, CEO, EID No. 17 CID No. 12008002340).*

**Status:** *Observation not settled. The defendant had appealed to the Supreme Court and currently the court verdict is awaited.*

#### 4.5.3 Natural Resources Development Corporation Limited

Out of the total unsettled significant irregularities of Nu. 0.657 million reported to the Parliament in November 2019, the Natural Resources Development Corporation Limited had not settled any irregularities as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	Percentage settled
1	Violation of Laws and Rules	0.237	-	0.237	-
2	Shortfalls, Lapses and Deficiencies	0.420	-	0.420	-
	<b>Total</b>	<b>0.657</b>	<b>-</b>	<b>0.657</b>	

The detailed status of irregularities reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 are as discussed below:

##### 1. Violation of Laws and Rules- Nu.0.237 million

###### 1.1 Non- termination of the Contract after stoppage of works

The Natural Resources Development Corporation Limited, Samdrupjongkhar had not terminated the contract with M/s Druk Sharchok Construction, Thimphu even after substantial delay, lack of work progress and subsequent abandonment of site by the contractor in the construction of Office cum staff quarter at Golanti, Jomotshangkha at a quoted cost of Nu.1.700 million. *(AIN:13058; Observation:1.2; Accountabilities; Direct: Nawang Denden, Regional Manager, CID No. 10802000718, Supervisory: Nawang Denden, Regional Manager, CID No. 10802000718).*

**Status:** *Observation not settled. The case is under review by the larger bench of the Supreme Court.*

###### 1.2 Non- levy of liquidated damages - Nu.0.110 million

The Natural Resources Development Corporation Limited, Samdrupjongkhar had not deducted the Liquidated damages amounting to Nu.0.110 million from the contractor for delay of works by more than the 300 days in the construction of Office cum staff quarter at Golanti, Jomotshangkha. *(AIN:13058; Observation:1.3; Accountabilities: Direct: Nawang Denden, Regional Manager, CID No. 10802000718, Supervisory Accountability: Nawang Denden, Regional Manager, CID No. 10802000718).*



**Status:** Observation not settled. The case is under review by the larger bench of the Supreme Court.

### **1.3 Non-levy of employer's 20% additional cost on unexecuted works - Nu.0.127 million**

The Natural Resources Development Corporation Limited, SamdrupJongkhar had not levied employer's 20% additional cost on balance unexecuted works amounting to Nu.0.127 million upon termination of the contract in the construction of Office cum staff quarter at Golanti, Jomotshangkha. (AIN:13058; Observation:1.4; Accountabilities: Direct: Nawang Denden, Regional Manager, CID No. 10802000718; Supervisory: Nawang Denden, Regional Manager, CID No. 10802000718).

**Status:** Observation not settled. The case is under review by the larger bench of the Supreme Court.

### **1.4 Non-renewal of Bank Guarantee**

The Natural Resources Development Corporation Limited, SamdrupJongkhar had not obtained the renewed Bank Guarantee of Nu.0.170 million from the contractor for the construction of Office cum staff quarter at Golanti, Jomotshangkha. (AIN: 13058; Observation: 1.5; Accountabilities; Direct: Lobzang Thinley, Asstt. Finance Manager, CID No. 102050005317, Supervisory: M. D Tamang, Regional Manager, CID No. 11301000002).

**Status:** Observation not settled. The case is under review by the larger bench of the Supreme Court.

## **2. Shortfalls, Lapses and Deficiencies- Nu.0.420 million**

### **2.1 Payment made without actual execution of works - Nu.0.420 million**

The Natural Resources Development Corporation Limited, SamdrupJongkhar had made excess payment of Nu.0.420 million to contractor for works not executed in the construction of Office cum staff quarter at Golanti, Jomotshangkha. (AIN:13058, Observation:1.1; Accountabilities; Direct: Lobzang Thinley, Asstt. Finance Manager, CID No. 102050005317, Supervisory: M. D Tamang, Regional Manager, CID No. 11301000002).

**Status:** Observation not settled. The case is under review by the larger bench of the Supreme Court.

## **4.6 FINANACIAL INSTITUTIONS**

### **4.6.1 Royal Insurance Corporation of Bhutan**

Out of the total unsettled significant irregularities of Nu.19.263 million reported to the Parliament in November 2019, the Royal Insurance Corporation of Bhutan had not settled any irregularities as on 30 Sept. 2020 as summarized below:



Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	Percentage settled
1	Fraud, Corruption & Embezzlement	-	-	-	-
2	Mismanagement	19.263	-	19.263	-
3	Violation of Laws and Rules	-	-	-	-
	<b>Total</b>	<b>19.263</b>	<b>-</b>	<b>19.263</b>	

The detailed status of irregularities reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 are as discussed below:

## **1. Fraud, Corruption & Embezzlement**

### **1.1. Huge delay in deposit of cash collection by the branch office to the CD Account maintained at BNBL and further misuse of cash**

The Royal Insurance Corporation of Bhutan Limited, Branch Office, Paro had 86 cases of delay in depositing the daily collections to the BNBL account which ranged from 1 to 44 days excluding holidays. Such lapses indicated serious weakness in the cash management at the branch office which had ultimately resulted in huge siphoning of the company's cash by the branch office cashier. The case was forwarded to Anti-Corruption Commission. *(AIN: 13209; Observation 4; Accountabilities: Direct: Rinchen Wangdi, Cashier, Head, IT Department, Corporate Office, CID No. 11102002524; Supervisory: Ugyen Wangdi, Branch Manager, Paro, CID No.11605002937).*

**Status:** *Observation not settled. The case has been reported subjudice in the High Court.*

## **2. Mismanagement – Nu.19.263 million**

### **2.1. Illogical conversion of bond redemption fund as other investment into M/s Nubri Capital Private Limited and its revenue implication thereof – Nu.16.814 million**

The Royal Insurance Corporation of Bhutan Limited, Corporate Office, Thimphu had invested Nu.100 million as bond redemption fund with M/s Nubri Capital Private Limited and later instead of cancelling the initial contract and revising the terms of investment as advised by the RMA, the Asset Liability Committee meeting held on 11<sup>th</sup> June, 2013 had discussed and considered as other investment. Had the Royal Insurance Corporation of Bhutan Limited cancelled the contract with M/s Nubri Capital Private Limited and invested the amount to loans and advances (Card loan bearing highest interest rate), it would have earned interest income of Nu.16.814 million. The case was forwarded to Anti-Corruption Commission. *(AIN: 13350; Observation 3.2; Accountabilities: Direct: Kinzang Dorji, GM, Credit and Investment, CID No.11805002787, Karma Sonam, GM, Life insurance, CID No. 11908001068, Yeshe Jamtsho, GM, Finance and Accounts, CID No.10711001985, Sangay Wangdi, GM, General Insurance, CID No.11908001068, Pema Thinlay, Company Secretary, CID No.10202000720, Ugyen Tshewang, GM, Financial Securities Service, CID No.10702001725, Yeshe Dorji, Supervisor, Finance & Accounts, CID No.10701000589 & Kinlay Zangmo Dorji, Finance and Accounts, CID No.10701000589; Supervisory: Namgay Lhendup, CEO, CID No.1174000003 & Sonam Dorji, ED, CID No.10711001789).*

**Status:** *Observation not settled. The case has been forwarded to the Office of the Attorney General for prosecution.*

## **2.2. Irregular borrowing from M/s Nubri Capital Private Limited and its resultant avoidable interest implication thereof – Nu.2.449 million**

The Royal Insurance Corporation of Bhutan Limited, Corporate Office, Thimphu had irregularly borrowed Nu.108 million from M/s Nubri Capital Private Limited on 8<sup>th</sup> February 2013 @ 11.75% interest p.a, immediately after three days, the RICBL had invested Nu.100 million in M/s Nubri Capital Private Limited on 5<sup>th</sup> February, 2013 @ 9% interest p.a, which resulted in avoidable interest expense of Nu.2.449 million. The RICBL had paid interest of 11.75% on its own money which was not in line with the investment policy of the company. The case was forwarded to Anti-Corruption Commission. (AIN: 13350; Observation 4.1; Accountabilities: Direct: Kinzang Dorji, GM, Credit and Investment, CID No.11805002787, Karma Sonam, GM, Life insurance, CID No. 11908001068, Yeshe Jamtsho, GM, Finance and Accounts, CID No.10711001985, Sangay Wangdi, GM, General Insurance, CID No.11908001068, Pema Thinlay, Company Secretary, CID No.10202000720, Ugyen Tshewang, GM, Financial Securities Service, CID No.10702001725, Yeshe Dorji, Supervisor, Finance & Accounts, CID No.10701000589 & Kinley Zangmo Dorji, Finance and Accounts, CID No.10701000589; Supervisory; Namgay Lhendup, CEO, CID No.1174000003 & Sonam Dorji, ED, CID No.10711001789).

**Status:** *Observation not settled. The case has been forwarded to the Office of the Attorney General for prosecution.*

## **3. Violations of laws and rules**

### **3.1. Non-production of contractual agreement**

The Royal Insurance Corporation of Bhutan Limited, Corporate Office, Thimphu did not furnish contractual agreement to the audit team pertaining to the funds borrowed from M/s Nubri Capital Private Limited aggregating to Nu.11.309 million. In absence of legal document, the authenticity and legality of the interest rates charged, terms of borrowing could not be ascertained. The case was forwarded to the Anti-Corruption Commission. (AIN: 13350; Observation 4.2; Accountabilities: Direct: Pema Thinlay, Company secretary, CID No.10202000720, Yeshe Dorji, Supervisor, Finance & Accounts, CID No.10701000589 & Kinley Zangmo Dorji, Finance & Accounts, CID No.11410003005; Supervisory: Yeshe Jamtsho, GM, Finance and Accounts, CID No.10711001985).

**Status:** *Observation not settled. The case has been forwarded to the Office of the Attorney General for prosecution.*

#### **3.1.1. Non-compliance to the regulation for issue of corporate bond, 2012 for investment of bond redemption fund with M/s Nubri Capital**

The Royal Insurance Corporation of Bhutan Limited, Corporate Office, Thimphu had invested Nu.100 million as bond redemption fund with M/s Nubri Capital Private Limited in violation of Article III, Section 14.A (Redemption Fund) of the company Registration Division's Regulations for issue of Corporate Bond, 2012 and Sub Section B and sub section 7 (iii) of the regulations for fund management company, 2011. The case was forwarded to the Anti-Corruption Commission. (AIN: 13350; Observation

3.1; Accountabilities: Direct: Kinzang Dorji, GM, Credit and Investment, CID No.11805002787, Karma Sonam, GM, Life insurance, CID No. 11908001068, Yeshe Jamtsho, GM, Finance and Accounts, CID No.10711001985, Sangay Wangdi, GM, General Insurance, CID No.11908001068, Pema Thinlay, Company Secretary, CID No.10202000720, Ugyen Tshewang, GM, Financial Securities Service, CID No.10702001725, Yeshe Dorji, Supervisor, Finance & Accounts, CID No.10701000589 & Kinlay Zangmo Dorji, Finance and Accounts, CID No.10701000589; Supervisory; Namgay Lhendup, CEO, CID No.1174000003 & Sonam Dorji, ED, CID No.10711001789).

**Status:** Observation not settled. The case has been forwarded to the Office of the Attorney General for prosecution.

## AUDIT REPORT ON AUDIT OF HYDROPOWER PROJECTS

### 5.1.1 Mangdechhu Hydroelectric Project Authority

Out of the total significant irregularity of Nu.198.118 million reported to the Parliament in November 2019, the Mangdechhu Hydroelectric Project Authority had settled the irregularity as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	Percentage settled
2	Non-Levy Of Liquidated Damages	198.118	198.118	-	100
	<b>Total</b>	<b>198.118</b>	<b>198.118</b>	<b>-</b>	

The detailed status of irregularities reported to the Parliament in November 2019 which had been settled as on 30 Sept. 2020 is discussed as below:

### 2. Non-levy of liquidated damages

The review of records revealed that despite granting three time extensions, the contractors had failed to complete the following works even in the extended time period.

Sl. No.	Contractor	Contract Value (Nu.in million)	Remarks
1	M/s Druk Zorig Gongphel Construction	104.392	Contract Package-I
2	M/s Jachung Builders	93.726	Contract Package-II
	<b>Total</b>	<b>198.118</b>	

The same issue was raised even during the previous audit through Observation No. 3 of Audit Report issued vide No. RAA/AR/(RTICD-MHPA)/2014/2425 dated 29<sup>th</sup> August 2014 and the management during the Audit Exit Meeting had agreed to recover the liquidated damages.

However, it was observed that the management had failed to take any actions on the contractor. Further, it was also observed that M/s Jachung Builders had not completed the construction of office building as of date of audit. (AIN: 13281; Observation 8).

**Status:** Observation was settled vide audit report No.RAA/AR(05)RTICD-MHEP/2019/2711 dated 06/11/2019 based on the review conducted by the subsequent audit team as the management had provided proper documents and justifications.

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## REVIEW REPORT OF ANNUAL AUDIT REPORT 2016

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**(Status as on 30 September 2020)**

ROYAL AUDIT AUTHORITY

## PART-I Summary of Review Report of AAR 2016

The Royal Audit Authority had submitted the review report of Annual Audit Report 2016 to the 2<sup>nd</sup> Session of the Third Parliament in November 2019. The Review Report had total significant unsettled irregularities of Nu.125.484 million consisting of Nu.97.691 million against budgetary agencies and Nu.27.793 million against Non-Budgetary Agencies as on 30 Nov. 2019.

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. 27.378 million for Budgetary Agencies and Nu.22.694 million for Non-budgetary Agencies were settled as on 30 Sept. 2020 as shown in Table below.

**Table:** Showing agency wise irregularities settled and balances as on 30 Sept. 2020

Sl. No.	Agencies	Unsettled irregularities last reported as on 30/11/2019 (Nu.in Million)	Irregularities Settled as on 30/09/2020 (Nu.in Million)	Balance irregularities as on 30/09/2020 (Nu.in Million)	Percentage of irregularities settled as on 30/09/2020
1	Ministries	40.765	23.866	16.899	58.55
2	Dzongkhags	7.766	1.502	6.264	19.34
3	Gewogs	0.497	-	0.497	-
4	Autonomous Agencies	48.663	2.010	46.653	4.13
<b>Total Budgetary Agencies-A (1to4)</b>		<b>97.691</b>	<b>27.378</b>	<b>70.313</b>	<b>28.03</b>
5	Corporations	7.496	3.306	4.190	44.10
6	Financial Institutions	20.297	19.388	0.909	95.52
7	Hydropowers	-	-	-	100
<b>Total Non-Budgetary Agencies-B (5 to 7)</b>		<b>27.793</b>	<b>22.694</b>	<b>5.099</b>	<b>81.65</b>
<b>Grand Total (A+B)</b>		<b>125.484</b>	<b>50.072</b>	<b>75.412</b>	<b>39.90</b>

As transpired from table above, out of the total unsettled irregularities of Nu.125.484 million remaining unsettled in November 2019, irregularities amounting of Nu.50.072 million were settled leaving a balance of Nu.75.412 million as on 30 Sept. 2020.

## PART-II DETAILED REVIEW REPORT

### 4.1 MINISTRIES

#### 4.1.1. Ministry of Works & Human Settlement

Out of the total unsettled significant irregularities of Nu.23.953 million reported to the Parliament in November 2019, the Ministry had settled irregularities amounting to Nu.23.866 million leaving a balance of Nu.0.087 million as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% settled
1	Mismanagement	-	-	-	-
3	Shortfalls, lapses and deficiencies	23.953	23.866	0.087	99.64
	<b>Total</b>	<b>23.953</b>	<b>23.866</b>	<b>0.087</b>	

The detailed status of unsettled irregularities reported to the Parliament in November 2019, irregularities settled thereafter and irregularities remaining unsettled as on 30 Sept. 2020 are as discussed below:

#### 1. Mismanagement

#### 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 12<sup>th</sup> September 2014. The work order was issued to the winning bidders on 22<sup>nd</sup> September 2014, site was handed over on 11<sup>th</sup> October 2014 and the Project Kick off Meeting held on 17<sup>th</sup> & 18<sup>th</sup> 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:** *Observation not settled.*

- a) *As per the letter No.MoWHS/DS/Audit/2918-2019/535 dated 20/08/2018 and the verdict No.Nyenthoo (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 was due on 24/10/2018 and second installment on 24/01/2019.*
- b) *During the PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu, the MoWHS reported that Contractor had refused to pay the balance amount of Nu. 7.500 million and Ministry had appealed to High Court for enforcement of judgement. However, the case remained unsettled as of 30 Sept. 2020.*

### 3. Shortfalls, lapses and deficiencies - Nu.0.087million

#### 3.3 Outstanding Advances - Nu.0.087 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:** *Observation not settled. A sum of Nu.87,348.00 is still pending against M/s Yangchen Construction, Lhuentse. It is reported that DoR, Lingmethang has forwarded the case to the Court & Verdict is yet to be received.*

- 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:** *The observation was settled from this report as the unsettled balances of Nu.23.867 million were carried forward to the subsequent audit report AIN.16873, Ob.No.5 and shall be followed up from there.*

#### 4.1.2. Ministry of Information & Communications

Out of the total unsettled significant irregularities of Nu.0.278 million reported to the Parliament in November 2019, the Ministry of Information & Communications had not settled the irregularities as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
1	Shortfalls, lapses and deficiencies	0.278	-	0.278	-
	<b>Total</b>	<b>0.278</b>	<b>-</b>	<b>0.278</b>	<b>-</b>

The detailed status of unsettled irregularities reported to the Parliament in November 2019, which remained unsettled as on 30 Sept. 2020 are as discussed below:

### 3. Shortfalls, lapses and deficiencies – Nu. 0.278 million

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

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 meters<sup>3</sup> instead of 328.89 meters<sup>3</sup> 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: Observation not settled. PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu directed the Department to recover the balance amount within 1st December, 2019 and share the update with RAA. However, the RAA is yet to receive the said amount.*

#### 4.1.3 Ministry of Agriculture and Forests

Out of the total unsettled significant irregularities of Nu.5.754 million reported to the Parliament in November 2019, the Ministry of Agriculture and Forests had not settled any irregularities as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
1	Fraud, Corruption & Embezzlement	0.260	-	0.260	-
2	Violation of laws and rules	2.689	-	2.689	-
3	Shortfalls, lapses and deficiencies	2.805	-	2.805	-
	<b>Total</b>	<b>5.754</b>	<b>-</b>	<b>5.754</b>	<b>-</b>

The detailed status of unsettled irregularities reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 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 17<sup>th</sup> 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: Observation not settled. The case is reported as under trial at District Court, Gasa as on 15/11/2019.*

## **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: Observation not settled. PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu instructed MoAF to hold meeting with Jigme Dorji National Park in presence of accountable officials within December 2019 to resolve the observation. The Ministry was also informed that PAC might draw special attention of the Hon'ble Members in the upcoming winter session of the Parliament on such long pending issues including naming and shaming.*

## **3. Shortfalls, lapses and deficiencies – Nu.2.805 million**

### **3.5 Excess payment - Nu. 0.101 million**

- a) 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: Observation not settled. An amount of Nu. 2,524,201.64 was settled vide follow-up letter no. RAA/OAAG(T)FUS-02/2017-2018/619 of 15/12/2017 leaving a balance of Nu.0.101 million. PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu instructed MoAF to hold meeting with Jigme Dorji National Park in presence of accountable officials within December 2019 to resolve the observation. The Ministry was also informed that PAC might draw special attention of the Hon 'ble Members in the upcoming winter session of the Parliament on such long pending issues including naming and shaming.*

### **3.12 Outstanding Advances - Nu. 2.704 million**

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- 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: Observation was not settled as the balance of Nu. 0.838 million reported in April 2018 was not recovered/adjusted. PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu instructed MoAF to hold meeting with Jigme Dorji National Park in presence of accountable officials within December 2019 to resolve the observation. The Ministry was also informed that PAC might draw special attention of the Hon 'ble Members in the upcoming winter session of the Parliament on such long pending issues including naming and shaming.*

- 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: Observation not settled. During the recent follow up, the RAA has recommended to deposit the 10% retention money into Audit Recoveries Account beside furnishing a copy of final adjustment voucher for adjustment of Nu.632,400.00. PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu also instructed Ministry to resolve the issue within December 2019. However, it remained unsettled as of 30 Sept. 2020.*

- c) 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: Observation not settled. PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu instructed MoAF to hold meeting with Jigme Dorji National Park in presence of accountable officials within December 2019 to resolve the observation. The Ministry was also informed that PAC might draw special attention of the Hon Members in the*

upcoming winter session of the Parliament on such long pending issues including naming and shaming.

- d) 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:** Observation partially settled as the amount of Nu.0.410 million was adjusted/ dropped vide follow-up report No. RAA/OAAG(T)FUS-02/2017-2018/619 of 15/12/2017 and letter No. UWICER/Th-03/2019/113 of 15.03.2019 leaving a balance of Nu. 0.168 million.

PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu instructed MoAF to hold meeting with Jigme Dorji National Park in presence of accountable officials within December 2019 to resolve the observation.

The Ministry was also informed that PAC might draw special attention of the Hon'ble Members in the upcoming winter session of the Parliament on such long pending issues including naming and shaming.

#### 4.1.5. Ministry of Finance

Out of the total unsettled significant irregularity of Nu.4.115 million reported to the Parliament in November 2019 the Ministry of Finance had not settled the irregularity as of 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
1	Mismanagement	4.115	-	4.115	0
	<b>Total</b>	<b>4.115</b>	<b>-</b>	<b>4.115</b>	

The detailed status of unsettled irregularity reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 is 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:** Observation not settled. As per the letter No.RRCO/PL/Adm-20/2019-2020/964 dated 27/08/2019 the case is subjudice in the High Court.



#### 4.1.6. Ministry of Education

Out of the total unsettled significant irregularity of Nu.6.665 million reported to the Parliament in November 2019, the Ministry of Education had not settled the irregularity as on 30 Sept. 2020 is summarized as below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
1	Fraud, Corruption & Embezzlement	6.665	-	6.665	-
	<b>Total</b>	6.665	-	6.665	-

The detailed status of unsettled irregularity reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 is 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, Lhuentse valuing 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 25<sup>th</sup> September 2014 and taken over on 3<sup>rd</sup> 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:** Observation not settled. 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 case forwarded to Office of the Attorney General for prosecution and now the case is reported to be subjudice in the Dzongkhag Court, Lhuntse.

#### 4.1.8. Ministry of Economic Affairs

Out of two unsettled significant irregularities reported to the Parliament in November 2019 the irregularities remained unsettled as on 30 Sept. 2020 as summerized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
1	Fraud, Corruption & Embezzlement	-	-	-	-
	<b>Total</b>	-	-	-	-

The detailed status of unsettled irregularities reported to the Parliament in November 2019, which remained unsettled as on 30 Sept. 2020 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:** Observation not settled. As per the letter No.ACC/DoPS-CMD/12/886 dated 19/07/2018, of ACC 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 ChimmiD 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:** Observation not settled. As per the letter No.ACC/DoPS-CMD/12/886 dated 19/07/2018 of ACC 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 unsettled significant irregularities without any financial quantification reported to the Parliament in November 2019, the Ministry of Health had settled all the irregularities as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
1	Mismanagement	-	-	-	100
2	Violation of laws and rules	-	-	-	100
3	Shortfalls, lapses and deficiencies	-	-	-	100
	<b>Total</b>	-	-	-	

The detailed status of unsettled irregularities reported to the Parliament in November 2019 which were settled as on 30 Sept. 2020 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:** The observation was settled as the chiller machine was surrendered to DNP and it was disposed off by auctioning by DNP as per the letter No.PRO/2/JDWNRH/2019-2020/6236 dt.6.12.2019 of JDWNRH. Further the decision was endorsed in Follow-up Committee Meeting held on 09.1.2020.

## **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:** The observation was settled as the chiller machine was surrendered to DNP and it was disposed off by auctioning by DNP as per the letter No.PRO/2/JDWNRH/2019-2020/6236 dt.6.12.2019 of JDWNRH. Further the decision was endorsed in Follow-up Committee Meeting held on 09.1.2020.

### **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: The observation was settled as the chiller machine was surrendered to DNP and it was disposed off by auctioning by DNP as per the letter No.PRO/2/JDWNRH/2019-2020/6236 dt.6.12.2019 of JDWNRH. Further the decision was endorsed in Follow-up Committee Meeting held on 09.1.2020.*

## **2.4 Inadequate property safeguards**

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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: The observation was settled as the chiller machine was surrendered to DNP and it was disposed off by auctioning by DNP as per the letter No.PRO/2/JDWNRH/2019-2020/6236 dt.6.12.2019 of JDWNRH. Further the decision was endorsed in Follow-up Committee Meeting held on 09.1.2020.*

## **3. Shortfalls, lapses and deficiencies**

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### **3.1 Damages to equipment due to defunct chillers**

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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: The observation was settled as the chiller machine was surrendered to DNP and it was disposed off by auctioning by DNP as per the letter No.PRO/2/JDWNRH/2019-2020/6236 dt.6.12.2019 of JDWNRH. Further the decision was endorsed in Follow-up Committee Meeting held on 09.1.2020.*

## **4.2 DZONGKHAGS**

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### **4.2.1. Dzongkhag Administration, Trashiyangtse**

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Out of the total unsettled significant irregularities of Nu.1.472 million reported to the Parliament in November 2019, the Dzongkhag Administration, Trashiyangtse had settled all the irregularities as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
1	Violations of laws and rules	1.472	1.472	-	100
	<b>Total</b>	<b>1.472</b>	<b>1.472</b>	<b>-</b>	

The detailed status of unsettled irregularities reported to the Parliament in November 2019 which were settled as on 30 Sept. 2020 are discussed as below:

## **1. Violations of laws and rules**

### **1.1 Incomplete work booked under closed work - Nu. 0.948 million**

- a) 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:** The observation was settled in view of the compliance made by the Dzongkhag Administration and the agreed amount of LD was deposited vide receipt No. A01044 dated 09/06/2020.

- 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:** The observation was settled in view of the compliance made by the Dzongkhag Administration and the agreed amount of LD was deposited vide receipt No. A01044 dated 09/06/2020.

### **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:** The observation was settled as the amount was deposited vide receipt No. A01044 dated 9.6.2020.

### 4.2.3. Dzongkhag Administration, Pemagatshel

Out of the the three significant irregularities of Nu.1.962 million reported to the Parliament in November 2019, the Dzongkhag Administration, Pemagatshel had not settled any irregularities as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
1	Shortfalls, lapses and deficiencies	1.962	-	1.962	-
	<b>Total</b>	<b>1.962</b>	<b>-</b>	<b>1.962</b>	

The detailed status of unsettled irregularities reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 are discussed as below:

#### 1. Shortfalls, lapses and deficiencies – Nu. 1.962 million

##### 1.1 Irregularities in Development of Roads for Denchi Township - Nu.1.860 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:** Observation not settled. The unsettled balance of Nu.1.860 million reported last was not resolved. As per the PAC consultative meeting held at Samdrupjongkhar from 27 to 28/09/19, the Dzongkhag Administration was directed to follow up with Supreme Court and share the status with RAA and PAC.

##### 1.2 Excess payment Nu. 0.102 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:** Observation not settled. The unsettled balance of Nu.0.102 million reported last was not resolved.

#### 4.2.4. Dzongkhag Administration, Chhukha

Out of the total unsettled significant irregularity of Nu.0.658 million reported to the Parliament in November 2019, the Dzongkhag Administration, Chhukha had not settled the same as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
2	Shortfalls, lapses and deficiencies	0.658	-	0.658	0.00
	<b>Total</b>	<b>0.658</b>	<b>-</b>	<b>0.658</b>	

The detailed status of unsettled irregularity reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 is discussed as below:

#### 2. Shortfalls, lapses and deficiencies – Nu. 0.658 million

##### 2.1 Excess payments - Nu. 0.658 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:** Observation not settled. The balance outstanding principal amount of Nu.0.658 million reported last remained unresolved.

#### 4.2.5. Dzongkhag Administration, Dagana

Out of the total unsettled significant irregularities of Nu.3.370 million reported to the Parliament in November 2019, the Dzongkhag Administration, Dagana had not settled any irregularities as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
2	Shortfalls, lapses and deficiencies	3.370		3.370	-
	<b>Total</b>	<b>3.370</b>	<b>-</b>	<b>3.370</b>	

The detailed status of unsettled irregularities reported to the Parliament in November 2019, which remained unsettled as on 30 Sept. 2020 are as discussed below:

#### 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:** Observation not settled. As per letter No DDA/DES-29/20118-2019/5275 dated 5/10/2018, the Contractor has appealed to the Large Bench of the High Court.

- b) 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:** Observation remained unsettled as the balance of Nu.0.061million was not recovered as of 30 Sept. 2020.

- c) 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:** Observation not settled. Reminder sent on 07/09/2020.

### 4.2.8. Dzongkhag Administration, Haa

The Dzongkhag Administration had unsettled irregularity of Nu.0.078 million reported to the Parliament in November 2019. It remained unsettled as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
1	Shortfalls, lapses and deficiencies	0.078	-	0.078	-
	<b>Total</b>	0.078	-	0.078	

The detailed status of unsettled irregularity reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 is as discussed below:



## 1. Shortfalls, lapses and deficiencies – Nu. 0.078 million

### 1.1 Outstanding advances – Nu. 0.078 million

The Dzongkhag Administration, Haa had overdue outstanding advances of Nu.0.746 million against the officials (Nu.0.057 million) and parties (Nu.0.707) for the financial years 2010-2015. (AIN: 13489; Para 2; Accountabilities: Direct: Ugyen Tshering, DzFO, EID. No. 2108014, 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:** Observation not settled. The Dzongkhag Administration had sent reminders to the officials to liquidate the outstanding advances after the PAC consultative meeting held at Paro on 25/07/2019. However, no further progress had been intimated to the RAA as of 30 Sept. 2020.

### 4.2.9. Dzongkhag Administration, Punakha

The Dzongkhag Administration had unsettled irregularity of Nu.0.168 million reported to the Parliament in November 2019. It remained unsettled as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
1	Shortfalls, lapses and deficiencies	0.168	-	0.168	-
	Total	0.168	-	0.168	

The detailed status of unsettled irregularity reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 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 Lhakhang 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:** Observation not settled. RAA was informed vide letter No. DAP/Finance /06/2018-2019/2618, dated 11/09/2019, that Dzongkhag Administration is not able to contact the Site Engineer since he was terminated from service.

#### 4.2.11. Dzongkhag Administration, Gasa

The Dzongkhag Administration, Gasa had unsettled significant irregularity of Nu.0.058 million reported to the Parliament in November 2019; out of which Nu.0.030 million had been settled as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
1	Shortfalls, lapses and deficiencies	0.058	0.030	0.028	51.72
	<b>Total</b>	<b>0.058</b>	<b>0.030</b>	<b>0.028</b>	

The detailed status of unsettled irregularity reported to the Parliament in November 2019 which has been partially settled as on 30 Sept. 2020 is as discussed below:

#### 1. Shortfalls, lapses and deficiencies – Nu. 0.028 million

##### 1.1 Double payment - Nu. 0.028 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:** Observatoion partially settled. Out of the total amount of Nu.0.058 million; Nu.0.030 million had been deposited leaving a balance of Nu.0.028 million as of 30 Sept. 2020.

#### 4.2.13. Dzongkhag Administration, Thimphu

One unsettled irregularity under shortfalls, lapses and defeciciencies was reported to the Parliament in November 2019. It remained unsettled as on 30 Sept. 2020 as discussed below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
1	Shortfalls, lapses and deficiencies	-	-	-	
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	

The detailed status of irregularity reported to the Parliament in November 2019 which remained unsettled as of 30 Sept. 2020 is as discussed below:

#### 1. Shortfalls, lapses and deficiencies

## 1.1 Outstanding Advances

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:** Observation not settled as the accumulated 24% pa penalty of Nu. 55,438.96 had not been realized although the principal amount was deposited.

## 4.3 GEWOGS

### 4.3.1. Gewogs Administration under Chhukha

#### IV. Phuentshogling Gewog

One unsettled significant irregularity under shortfalls, lapses and deficiencies was reported to the Parliament in November 2019, the Gewog Administration had not settled the same as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
2	Shortfalls, lapses and deficiencies	-	-	-	
	Total	-	-	-	

The detailed status of unsettled irregularity reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 is discussed as below:

## 2. Shortfalls, lapses and deficiencies

### 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:** Observation not settled. As per the PAC consultative meeting held at Samtse from 30/09/19 – 02/10/19, the Gewog Administration was instructed to submit the documents relating to transfer of ownership to RAA after they receive thram from National Land Commission. However, no progress had been reported as of 30 Sept. 2020.

### 4.3.3. Gewogs Administration under Bumthang

#### II. Ura Gewog

The Gewog Administration Ura had unsettled irregularity of Nu.0.365 million reported to the Parliament in November 2019. It remained unsettled as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
1	Shortfalls, lapses and deficiencies	0.365	-	0.365	0
	<b>Total</b>	<b>0.365</b>	<b>-</b>	<b>0.365</b>	

The detailed status of unsettled irregularity reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 is as discussed below:

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

##### 1.1 Outstanding Advances - Nu. 0.365 million

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:** Observation not settled. Reminder letter issued vide letter No.RAA-BT/Fus-03/2019/727 dated 15/07/2019

### 4.3.5. Gewogs Administration under Trongsa

#### I. Korphoog Gewog

The Gewog Administration had unsettled irregularity of Nu.0.097 million reported to the Parliament in November 2019. The Gewog had not settled the same as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
1	Shortfalls, lapses and deficiencies	0.097	-	0.097	-
	<b>Total</b>	<b>0.097</b>	<b>-</b>	<b>0.097</b>	

The detailed status of unsettled irregularity reported to the Parliament in November 2019, which remained unsettled as on 30 Sept. 2020 is discussed as below:

## 2. Shortfalls, lapses and deficiencies – Nu. 0.097 million

### 2.1 Excess payment to community contractor – Nu. 0.097 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 Chiwog. 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:** Observation not settled. The unsettled balance of Nu.97,598.01 reported last had not been realized as on 30 Sept. 2020. Reminder letter issued vide letter No.RAA-BT/Fus-03/2019/1004 dated 29/11/2019

## 4.3.10. Gewog Administration under Lhuentse

### I. Gangzur Gewog

The Gewog Administration, Gangzur had unsettled significant irregularity of Nu.0.035 million reported to the Parliament in November 2019. It remained unsettled as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
1	Fraud, Corruption & Embezzlement	0.035		0.035	-
	Total	0.035	-		

The detailed status of irregularity reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 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:** Observation not settled. As per the PAC consultative meeting held at Samdrupjongkhar from 27 to 28/09/19, RAA agreed to discuss the issue in the bilateral meeting with ACC and convey the decision to Gewog Administration and PAC. Reminder letter issued vide letter No.RAA-BT/Fus-03/2019/723 dated 15/07/2019.

#### 4.3.12. Gewog Administration under Punakha

##### I. Guma Gewog

The Gewog Administration, Guma had one unsettled irregularity under violations of laws and rules reported to the Parliament in November 2019. It remained unsettled as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
1	Violations of laws and rules	-	-	-	-
	<b>Total</b>	-	-	-	-

The detailed status of unsettled irregularity reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 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:** Observation not settled. The RAA was informed vide letter No. Guma -Tha5/02/2019-2020/2100, dated 12/08/2019, that the work has been completed for which physical verification needs to be done.

#### 4.4 AUTONOMOUS AGENCIES

##### 4.4.1. Royal University of Bhutan

Out of the total unsettled significant irregularities of Nu.45.264 million reported to the Parliament in November 2019, the Royal University of Bhutan had settled irregularities amounting to Nu.2.010 million leaving a balance of Nu.43.254 million as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
1	Mismanagement	3.357	-	3.357	-
2	Violations of laws and rules	24.239	-	24.239	-
3	Shortfalls, lapses and deficiencies	17.668	2.010	15.658	11.38
	<b>Total</b>	<b>45.264</b>	<b>2.010</b>	<b>43.254</b>	<b>4.44</b>

The detailed status of unsettled irregularities reported to the Parliament in November 2019, irregularities settled thereafter and irregularities remaining unsettled as on 30 Sept. 2020 are as discussed below:

## **2. Mismanagement – Nu. 3.357 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 9<sup>th</sup> 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:** Observation not settled. 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 (ADRC).*

### **2.2 Non-collection of Tuition Fees - Nu. 0.621 million**

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:** Observation not settled as balance Nu.0.620 million had not been recovered as of 30 Sept. 2020.*

## **3. Violations of laws and rules – Nu. 24.239 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 16<sup>th</sup> 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:** Observation not settled. 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 (ADRC).

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

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- 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:** Observation not settled. 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 (ADRC).

- 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:** Observation not settled. 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 (ADRC).

### **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:** Observation not settled. 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 (ADRC).

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

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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:** Observation not settled. 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 (ARDC).

### **3.8 Change of consultant's key personnel with lower qualification**

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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:** Observation not settled. 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 (ADRC).

### 3.9 Acceptance of defective works

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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:** Observation not settled. 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 (ADRC).

### 3.10 Inaction and non-termination of the contract

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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 8<sup>th</sup> 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: Observation not settled. 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 (ADRC).*

#### **4. Shortfalls, lapses and deficiencies – Nu. 15.658 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 22<sup>nd</sup> 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: Observation not settled. 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 (ADRC).*

##### **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: Observation not settled. 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 (ADRC).*

##### **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: Observation not settled. 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 (ADRC).*

#### 4.8 Inadmissible/double/overpayment - Nu. 0.774 million

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- 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: Observation not settled. 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 (ADRC).*

- 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 4<sup>th</sup> RA bill and then again in the 7<sup>th</sup> RA bill. (AIN: 14188; Para: 5; Accountabilities Direct: Rinchen Pasang, Engineer, CID No.11211000310; Supervisory: Tendrel Wangdi, Dean, EID No. 9511043).

*Status: Observation not settled. 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 (ADRC).*

- 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: Observation not settled. 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 (ADRC).*

- 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: The observation was settled as the amount was deposited vide receipt No. 429402 dt.11.12.2019.*



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 20<sup>th</sup>RA Bill leaving a balance of Nu0.078 million. (AIN: 14188; Para: 17; Accountabilities Direct: Rinchen Pasang, Engineer, CID No.11211000310; Supervisory: Tendrel Wangdi, Dean, EID No. 9511043)

*Status: The observation was settled as the amount was deposited vide receipt No. 429402 dt.11.12.2019.*

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: The observation was settled as the amount was deposited vide receipt No. 429402 dt.11.12.2019.*

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: The observation was settled as the amount was deposited vide receipt No. 429402 dt.11.12.2019.*

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 Accountability: Rinchen Pasang, Engineer, CID No.11211000310; Supervisory: Tendrel Wangdi, Dean, EID No. 9511043).

*Status: The observation was settled as the amount was deposited vide receipt No. 429402 dt.11.12.2019.*

i) The Royal University of Bhutan had made overpayments amounting to Nu.0.062 million due to multiplication error in 20<sup>th</sup> 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: The observation was settled as the amount was deposited vide receipt No. 429402 dt.11.12.2019.*

- 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: The observation was settled as the amount was deposited vide receipt No. 429402 dt.11.12.2019.*

- 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: The observation was settled as the amount was deposited vide receipt No. 429402 dt.11.12.2019.*

- 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: The observation was settled as the amount was deposited vide receipt No. 429402 dt.11.12.2019.*

#### **4.9 Outstanding advances - Nu.11.065 million**

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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: Observation not settled. An amount of Nu.0.185 million has been recovered/adjusted leaving a balance of Nu.11.065 million along with 24% penalty.*

#### **4.4.4. Royal Civil Service Commission**

Out of the total unsettled significant irregularity of Nu.0.565 million reported to the Parliament in November 2019, the Royal Civil Service Commission had not settled the irregularity as on 30 Sept. 2020 as summarized below:



Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
2	Shortfalls, lapses and deficiencies	0.565	-	0.565	-
	<b>Total</b>	<b>0.565</b>		<b>0.565</b>	

The detailed status of unsettled irregularity reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 is as discussed below:

## **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 4<sup>th</sup> 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:** Observation not settled. As per the RCSC's letter No. RCSC/AFS-14/2019-20/1007 dt.03.9.2019, the Dzongkhag Court Thimphu had issued judgement dated 30.01.2019 where the defendant has been asked to refund the amount within 02/09/2019. However, the amount had not been deposited as of 30 Sept. 2020.*

## **4.4.5. Tourism Council of Bhutan**

Out of the total unsettled significant irregularities of Nu.2.205 million reported to the Parliament in November 2019, the Tourism Council of Bhutan had not settled any irregularities as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
1	Violations of laws and rules	0.400	-	0.400	-
2	Shortfalls, lapses and deficiencies	1.805	-	1.805	-
	<b>Total</b>	<b>2.205</b>	<b>-</b>	<b>2.205</b>	

The detailed status of unsettled irregularities reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 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: Observation not settled. As per the letter No.LS-21/269 dated 29/01/2020, the judgement passed by the Larger Bench of the High Court on 12 Dec 2019 upholding the judgement of the Bench II of the High Court passed on 30 Oct 2018 directing the appellant to pay the principal amount alongwith the interest of Nu.122,133.30. However, the defendend has further appealed to the Supreme Court as per the letter.*

## **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 20<sup>th</sup> and 21<sup>st</sup> July 2016. (AIN: 14100; Para: 2; Accountabilities: Direct: Sonam Tshering, Sr. Instructor, EID No.:200309021; Supervisory: Dakar Dorji, Principal, EID No.:200201258).

*Status: Observation not settled. PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu directed the TCB to seek the advise of Governing Body and accordingly share the minutes of Board meeting to RAA for further update.*

*As per the letter No.LS-05/1417 dated 15/09/2020 the Senior Legal Officer of Royal Institute of Tourism and Hospitality is reviewing all the documents for pursueing the matter as per the directives of the Tourism Council.*

### **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: Observation not settled. PAC consultative meeting held from 25-26/11/19 at National Assembly Hall, Thimphu directed the TCB to seek the advise of Governing Body and accordingly share the minutes of Board meeting to RAA for further update.*

*As per the letter No.LS-05/1417 dated 15/09/2020 the Senior Legal Officer of Royal Institute of Tourism and Hospitality is reviewing all the documents for pursuing the matter as per the directives of the Tourism Council.*

#### 4.4.8. Bhutan Council for School Examinations and Assessment

The Bhutan Council for School Examinations and Assessment had unsettled irregularity of Nu.0.629 million reported to the Parliament in November 2019. It remained unsettled as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
1	Shortfalls, lapses and deficiencies	0.629	-	0.629	-
	<b>Total</b>	<b>0.629</b>	<b>-</b>	<b>0.629</b>	<b>-</b>

The detailed status of unsettled irregularity reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 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: Observation not settled. Follow up reminder has been sent on 10/08/2020.*

#### 4.5 CORPORATIONS

##### 4.5.2. Dungsam Cement Corporation Limited

Out of the total unsettled significant irregularities of Nu.3.434 million reported to the Parliament in November 2019, the Dungsam Cement Corporation Limited had not settled any irregularities as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
4	Shortfalls, lapses and deficiencies	3.434	-	3.434	-
	<b>Total</b>	<b>3.434</b>	<b>-</b>	<b>3.434</b>	

The detailed status of unsettled irregularities reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 are as discussed below:

#### **4. Shortfalls, Lapses and Deficiencies – Nu. 3.434 million**

##### **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: Observation not settled. The case is related to main acquired Jigme Tshewang and is under appeal in the Supreme Court.*

- b) 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: Observation not settled. The case is related to main acquired Jigme Tshewang and is under appeal in the Supreme Court.*

##### **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: Observation not settled. The case is related to main acquired Jigme Tshewang and is under appeal in the Supreme Court.*

##### **4.5.4. Natural Resources Development Corporation Limited**

Out of the total unsettled significant irregularity of Nu.0.756 million reported to the Parliament in November 2019, the Natural Resources Development Corporation Limited had not settled the irregularity as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
2	Shortfalls, lapses and deficiencies	0.756	-	0.756	0.00
	<b>Total</b>	<b>0.756</b>	<b>-</b>	<b>0.756</b>	

The detailed status of unsettled irregularity reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 is as discussed below:

### Shortfalls, lapses and deficiencies

#### 2.2 Outstanding advances - Nu. 0.756 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:** Observation not settled as the balance amount of Nu. Nu.0.756 million against Gyem Dorji was not recovered/adjusted. The case is reported to be subjudice in the Supreme Court.

#### 4.5.10. Food Corporation of Bhutan Limited

Out of the total unsettled significant irregularity of Nu.3.306 million reported to the Parliament in November 2019, the Food Corporation of Bhutan Limited had settled the amount as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
1	Mismanagement	3.306	3.306	-	100
	<b>Total</b>	<b>3.306</b>	<b>3.306</b>	<b>-</b>	

The detailed status of unsettled irregularities reported to the Parliament in November 2019 which has been settled as on 30 Sept. 2020 is 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. It 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:** The observation was settled by the 1<sup>st</sup> Followup Committee Meeting (2020) dated 09/01/2020 based on the court verdict.

## 4.6 FINANCIAL INSTITUTIONS

### 4.6.1. Royal Insurance Corporation of Bhutan Limited

The Royal Insurance Corporation of Bhutan Limited had one unsettled significant irregularity of Nu.19.388 million reported to the Parliament in November 2019. It had been settled as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/11/2019	% Settled
1	Shortfalls, lapses and deficiencies	19.388	19.388	-	100
	<b>Total</b>	<b>19.388</b>	<b>-</b>	<b>-</b>	<b>-</b>

The detailed status of unsettled irregularity reported to the Parliament in November 2019 which had been settled as on 30 Sept. 2020 is as discussed below:

### 1. Shortfalls, lapses and deficiencies

#### 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:** The observation was settled based on the justification submitted by the management which was deliberated in the 1<sup>st</sup> Follow-up Committee Meeting held on 9 Jan 2020 and considered for settlement.

### 4.6.1. Bhutan Development Bank Limited

Out of the total unsettled significant irregularities of Nu.0.909 million reported to the Parliament in November 2019, the Bhutan Development Bank Limited had not settled the amount as on 30 Sept. 2020. However, two irregularities under shortfalls, lapses and deficiencies without monetary quantification had been settled as summarized below:



Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	30/09/2020	% Settled
1	Mismanagement	0.909		0.909	-
2	Shortfalls and Lapses and deficiencies	-	-	-	-
	<b>Total</b>	<b>0.909</b>	<b>-</b>	<b>0.909</b>	

The detailed status of irregularities reported to the Parliament in November 2019, irregularities settled thereafter and balances as on 30 Sept. 2020 are as discussed below:

## **1. Mismanagement – Nu.0.909 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: Observation not settled. Reminder letter issued vide letter No.RAA/BT/Fus-03/2017/356 dated 26/12/2017.*

### **1.2 Disbursement of loans to inactive member of NPPF clients – Nu. 0.050 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: Observation not settled. As per letter No.BDBL-zhem/08/2017/695 dated 20/10/2017 balance Nu.0.050 million remained unresolved.*

- 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: Observation not settled. Follow-up report issued vide letter No.RAA/BT/Fus-03/2020/1125 dated 26/06/2020.*

## **3. Shortfalls, lapses and deficiencies**

### **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:** Observation not settled. BDBL should follow-up with balance loan accounts and RAA intimated accordingly.

### 3.2 Defaulted Housing Loan Account

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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:** Observation was settled as the as per the letter No.BDB /IAD 08/2020/2912 DATED 17.4.2020.

### 3.3 Clients not notified of dormant/matured accounts

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- 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:** Observation not settled.

- 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:** The observation was settled during the PAC hearing on on 27/9/2019.

#### 4.6.4. Bank of Bhutan Limited

One significant unsettled irregularity under shortfalls, lapses and deficiencies was reported to the Parliament in November 2019. It remained unsettled same as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
1	Shortfalls, lapses and deficiencies	-	-	-	-
	Total	-	-	-	-

The detailed status of unsettled irregularities reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 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:** *Observation not settled. It pertains to View Point Resort, Trongsa where the Dzongkhag Court, Trongsa rendered the judgement and defendant has appealed to High Court.*

#### AUDIT REPORT ON JOINT AUDIT OF HYDROPOWER PROJECTS

#### 5.2. Mangdechhu Hydroelectric Project Authority

The Mangdechhu Hydroelectric Project Authority had one unsettled irregularity without having monetary quantification reported to the Parliament in November 2019. It had been settled as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
2	Appointment of local representative in Electro-mechanical Package works	-	-	-	100
	<b>Total</b>	-	-	-	

The detailed status of unsettled irregularities reported to the Parliament in November 2019, which had been settled as on 30 Sept. 2020 is 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; Chencho Tshering, Jt. Managing Director, CID No.: 0810000601; Praveen Nandwana, Director (Finance) CID No. 1959357).*

**Status:** Observation was settled vide letter No.RAA/AG-SP/24/2019-20/115 dated 20/12/2019.

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## REVIEW REPORT OF ANNUAL AUDIT REPORT 2017

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**(Status as on 30 September 2020)**

**ROYAL AUDIT AUTHORITY**

## PART-I Summary of Review Report of AAR 2017

The Royal Audit Authority had submitted the review report of Annual Audit Report 2017 to the 2<sup>nd</sup> Session of the Third Parliament in November 2019. The Review Report had total significant unsettled irregularities of Nu.211.992 million consisting of Nu.95.944 million against budgetary agencies and Nu.116.048 million against Non-Budgetary Agencies as of November 2019.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-ups at various levels and subsequently, irregularities amounting to Nu.45.873 million for Budgetary Agencies and Nu.97.020 million for Non-budgetary Agencies were settled as on 30 Sept. 2020 as shown in Table below.

**Table:** Showing agency wise irregularities settled and balances as on 30 Sept. 2020

Sl. No.	Agencies	Unresolved irregularities reported in November 2019 (Nu.in Million)	Irregularities settled as on 30/09/2020 (Nu.in Million)	Balance irregularities as on 30/09/2020 (Nu.in Million)	Percentage of irregularities settled as on 30/09/2020
1	Ministries	50.699	27.376	23.323	54.00
2	Dzongkhags	1.457	0.766	0.691	52.57
3	Gewogs	6.239	0.320	5.919	5.13
4	Autonomous Agencies	37.549	17.411	20.138	46.37
<b>Total Budgetary Agencies-A (1 to 4)</b>		<b>95.944</b>	<b>45.873</b>	<b>50.071</b>	<b>47.81</b>
5	Corporations	98.014	97.020	0.994	98.99
6	Non Governmental Organizations	18.034	-	18.034	-
<b>Total Non-Budgetary Agencies - B (5 to 6)</b>		<b>116.048</b>	<b>97.020</b>	<b>19.028</b>	<b>83.60</b>
<b>Grand Total (A+B)</b>		<b>211.992</b>	<b>142.893</b>	<b>69.099</b>	<b>67.40</b>

As transpired from table above, out of the total unsettled irregularities of Nu.211.992 million remaining unsettled as of November 2019, irregularities amounting to Nu.142.893 million were settled leaving a balance of Nu.69.099 million as on 30 Sept. 2020.

## PART-II DETAILED REVIEW REPORT

### 1.1.1. MINISTRIES

#### 1.1.1.1. MINISTRY OF WORKS AND HUMAN SETTLEMENT

Out of the total unsettled irregularities of Nu.29.863 million reported to the Parliament in November 2019, the Ministry of Works and Human Settlement had settled irregularities of Nu.24.608 million leaving a balance of Nu.5.255 million as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
1	Shortfalls, lapses and deficiencies	29.863	24.608	5.255	82.40
	<b>Total</b>	<b>29.863</b>	<b>24.608</b>	<b>5.255</b>	

The details of unsettled irregularities reported to the Parliament in November 2019; irregularities settled thereafter and unsettled balances as on 30 Sept. 2020 are as discussed below:

#### 1. Shortfalls, lapses and deficiencies - Nu.29.863 million

There were cases of shortfalls, lapses and deficiencies involving Nu.29.860 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in November 2019 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30 Sept. 2020 (Nu. in million)
2.3	Outstanding advances	29.863	24.608	5.255
	<b>Total</b>	<b>29.863</b>		

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

#### 1.1. OUTSTANDING ADVANCES - NU.29.863 MILLION

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

**Status:** *The observation was settled as the balance amounts were being carried forward to the current audit report of 2018-2019 as per letter No.DoR/RO/Accts-07/2020/404 dated 13/01/2020 and the matter shall be pursued from the current audit report (amount 24.167+0.441).*

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

**Status:** *Observation not settled. Out of Nu.11.566 million, Nu.6.312 million was settled leaving a balance of Nu.5.255 million.*

*i) The case pertaining to Lhamoizingkha Dungkhag has been submitted to High Court and it stands sub-judice.*

*ii) The case pertaining to Trashiyangtse Dzongkhag-Bomdeling Flood Protection works was terminated by the Dzongkhag and had informed the contractor to report to dzongkhag for the settlement of the final bill. As per the DES letter No.DES/FEND/34/2020-2021/882 dated 11/09/2020 the case has been forwarded to the Dzongkhag Court for legal action.*

#### **1.1.1.2. MINISTRY OF HEALTH**

Out of the total unsettled irregularities of Nu.9.632 million reported to the Parliament in November 2019, the Ministry of Health had not settled any irregularities as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliamentas on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
1	Violation of laws and rules	0.505	-	0.505	-
2	Shortfalls, lapses and deficiencies	9.127	-	9.127	-
	<b>Total</b>	<b>9.632</b>	<b>-</b>	<b>9.632</b>	

The details of irregularities reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 are as discussed below:

#### **1. Violation of Laws & Rules – Nu.0.505 million**

There were cases of violations of laws and rules involving Nu.0.500 million as summarised below:



Sl. No.	Observation in Brief	Unsettled reported in November 2019 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30 Sept. 2020 (Nu. in million)
1.3	Non-levy of liquidated damages (LD) against incomplete medical supplies	0.505	-	0.505
	<b>Total</b>	<b>0.505</b>	<b>-</b>	<b>0.505</b>

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

### 1.3 NON-LEVY OF LIQUIDATED DAMAGES AGAINST INCOMPLETE MEDICAL SUPPLIES - NU.0.505 MILLION

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

**Status:** *Observation partially settled. Based on re-verification by the MSPD, DMSHI, the liquidated damage had been revised to to Nu.592,145.15 from initial Nu.847,548.49.*

*As such, a total of Nu.86,914.40 (Nu.33,499.10+45,949.80+7,465.50) was recovered from Medical Equipment, KMT and Agarawal and deposited into audit recoveries account. However, balance amount of Nu.505,230.75 is yet be recovered from various suppliers and to be deposited into ARA within end of December month of 2019. However, the balance amount remained unsettled as of 30 Sept. 2020.*

## 2. Shortfalls, lapses and deficiencies – Nu.9.127 million

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

Sl. No.	Observation in Brief	Unsettled reported in November 2019 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30 Sept. 2020 (Nu. in million)
2.1	Non-settlement of outstanding advances against BPCL	9.127	-	9.127
	<b>Total</b>	<b>9.127</b>	<b>-</b>	<b>9.127</b>

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

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

The Department of Medical Services and Health Infrastructure had outstanding Public Works Advances amounting to Nu.9.127 million released to the Bhutan Power Corporation Limited, Thimphu for the relocation of 2x1500 KVA and 1250 KVA substation. The PW Advances given from the GoI Funded Project 'Construction of Gyaltsuen Jetsuen Pema Mother and Child Hospital' had remained unadjusted for over 2

years at the time of audit in October 2017. *AIN: 15017; Observation: 2; Accountabilities: Direct: Sonam Tshering, Engineer (E), EID No. 9910689U; Supervisory: Kunzang Namgyel, Chief Engineer, EID No. 200301027.*

**Status:** *Observation not settled. The PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu directed the MoH to share the latest update with RAA by end of December, 2019. However, the outstanding amount remained unsettled as of 30 Sept. 2020.*

### 1.1.1.3. MINISTRY OF FINANCE

Out of the total unsettled irregularities of Nu.7.147 million reported to the Parliament in November 2019, the Ministry of Finance had settled irregularities of Nu.2.217 million leaving a balance of Nu.4.930 million as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
1	Mismanagement	7.147	2.217	4.930	31.02
	<b>Total</b>	<b>7.147</b>	<b>2.217</b>	<b>4.930</b>	

The details of irregularities reported to the Parliament in November 2019; irregularities settled thereafter and status as on 30 Sept. 2020 are as discussed below:

### 1. Mismanagement – Nu.7.147 million

There were cases of mismanagement involving Nu.8.619 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in November 2019 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30 Sept. 2020 (Nu. in million)
1.1	Overdue Outstanding Taxes	7.147	2.217	4.930
1.2	Inadmissible waiver of fines and penalties	-	-	-
	<b>Total</b>	<b>7.147</b>	<b>2.217</b>	<b>4.930</b>

The cases of mismanagement are as below:

#### 1.1. OVERDUE TAXES - NU.7.147 MILLION

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

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

**Status:** Observation partially settled. As per the letter No RRCO/C&E(Audit)2019/378 dated 09/09/2020 out of Nu.4.444 million the recoverable balance remains at Nu.2.497 million as on 30 Sept. 2020 after adjustment of Nu.1.952 million. The PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu MoF was instructed to initiate appropriate way forward within November 2019 to resolve the issues and share a copy of their action taken report with RAA.

- b) Regional Revenue and Customs Office, Thimphu had not collected Bhutan Sales Tax (BST) amounting to Nu.0.623 million from ten business units including hotels, resorts, restaurants and cable services. The taxes were due for periods ranging from 12 months to 18 months at the time of audit in January 2017. *AIN: 14388; Observation: 1; Accountabilities: Direct: Rinzin Wangmo, Deputy Collector, EID No. 200501079; Supervisory: Nidup Gyeltshen, Regional Director, EID No. 9610072.*

**Status:** Observation not settled. The PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu instructed MoF to send letter to proprietor of M/s Gaurda Inn within November 2019 to recover the balance amount. With respect to M/s Mid point hotel, it was reported that MoF had exhausted all the legal process to recover the balance amount.

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

**Status:** Observation partially settled. Out of the balance of Nu.3.593 million reported last Nu.0.217 million had been recovered leaving a balance of Nu.3.376 million. The PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu had directed the DRC to share the latest update of action taken report with RAA within November 2019.

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

**Status:** Observation partially settled. During the PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu, the Ministry informed that out of 5 restaurants, 4 had paid all the due taxes and only one restaurant had failed to clear all the dues even after granting 12 months time extension. The Ministry was instructed to discuss with their legal section for future course of action and share the latest status update with RAA within November 2019.

*For the unsettled outstanding of Nu.0.153 against M/s. BT Gatshel the DRC has forwarded the case to Legal Division of MoF vide letter No.DRC/STD/Dev/26/2020/239 dated 05/08/2020.*

### 1.1.1.3. MINISTRY OF AGRICULTURE AND FORESTS

Out of the total unsettled irregularities of Nu.3.549 million reported to the Parliament in November 2019, the Ministry of Agriculture and Forests had settled irregularities of Nu.0.0551 million leaving a balance of Nu.2.998 million as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliamentas on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
1	Violation of laws and rules	2.280	-	2.280	-
2	Shortfalls, lapses and deficiencies	1.269	0.551	0.718	43.42
	<b>Total</b>	<b>3.549</b>	<b>0.551</b>	<b>2.998</b>	

The details of irregularities reported to the Parliament in November 2019; irregularities settled thereafter and status as on 30 Sept. 2020 are as discussed below:

#### 1. Violation of Laws and Rules – Nu.2.280 million

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

Sl. No.	Observation in Brief	Unsettled reported in November 2019 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30 Sept. 2020 (Nu. in million)
1.1	Excess deposit into Refundable Deposit Accounts	1.171	-	1.171
1.2	Payment made without supporting documents	0.665	-	0.665
1.3	Settlement of budgetary related expenses from Security and Earnest Money deducted/recovered	0.361	-	0.361
1.4	Excess payments on account of Deposit Work	0.083	-	0.083
	<b>Total</b>	<b>2.280</b>	<b>-</b>	<b>2.280</b>

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

#### 1.1. EXCESS DEPOSIT INTO REFUNDABLE DEPOSIT ACCOUNTS - Nu.1.171 MILLION

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

**Status:** *Observation not settled. The PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu instructed MoAF to hold meeting with Jigme Dorji National Park in presence of accountable officials within December 2019 to*

*resolve the observation. The Ministry was also reminded to accord top priority to review the issues failing which the matter would be submitted to upcoming winter session of the Parliament and initiate thorough deliberation.*

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#### 1.2. PAYMENT MADE WITHOUT SUPPORTING DOCUMENTS - Nu.0.665 MILLION

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

**Status:** *Observation not settled. The PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu instructed MoAF to hold meeting with Jigme Dorji National Park in presence of accountable officials within December, 2019 to resolve the observation. The Ministry was also reminded to accord top priority to review the issues failing which the matter would be submitted to upcoming winter session of the Parliament and initiate thorough deliberation.*

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#### 1.3. SETTLEMENT OF BUDGETARY RELATED EXPENSES FROM SECURITY AND EARNEST MONEY DEDUCTED/RECOVERED - Nu.0.361 MILLION

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

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

**Status:** *Observation not settled. PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu instructed MoAF to hold meeting with Jigme Dorji National Park in presence of accountable officials within end of December, 2019 to resolve the observation. The Ministry was also reminded to accord top priority to review the issues failing which the matter would be submitted to upcoming winter session of the Parliament and initiate thorough deliberation.*

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#### 1.4. EXCESS EXPENDITURE ON ACCOUNT OF DEPOSIT WORK - Nu.0.083 MILLION

The Jigme Dorji National Park, Damji had booked an expenditure for deposit works amounting to Nu.1.856 million against Non-Revenue release of Nu.1.773 million received for deposit works with resultant excess expenditure of Nu.0.083 million. Instead of obtaining equivalent release from client agencies and DPA, the differential

payments were met from the normal budgetary release. The excess payment pertained to expenses incurred for TA/DA of officials and expenses on the Good Governance Meeting at Gasa Dzongkhag. *AIN: 15004; Observation: 2.3; Accountabilities: Direct: Tshering Wangchuk, Accountant, EID No. 200207191; Supervisory: Namgay, Offtg. CFO, EID No. 9810002.*

**Status:** *Observation not settled. PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu instructed MoAF to hold meeting with Jigme Dorji National Park in presence of accountable officials within December, 2019 to resolve the observation. The Ministry was also reminded to accord top priority to review the issues failing which the matter would be submitted to upcoming winter session of the Parliament and initiate thorough deliberation.*

### 3. Shortfalls, lapses and deficiencies – Nu.0.718 million

There were cases of shortfalls, lapses and deficiencies involving Nu.1.269 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in November 2019 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30 Sept. 2020 (Nu. in million)
3.2	Pending cases lying unsettled	0.620	0.551	0.069
3.3	Excess/Inadmissible/Double Payments	0.033		0.033
3.4	Outstanding advances	0.586		0.586
3.5	Irregular adjustments of advances	0.030	-	0.030
	<b>Total</b>	<b>1.269</b>	<b>0.551</b>	<b>0.718</b>

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

#### 3.1. PENDING OFFENCE CASES - NU.0.069 MILLION

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

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

**Status:** *Observation partially settled. As per the letter No.PFD/Acct/2020/82 dated 4/7/2020 of DFO Paro out of Nu.0.620 million; Nu.0.551 million has been settled leaving a balance of Nu.0.069 million.*

#### 3.2 Excess/Inadmissible/Double Payments Nu.0.033 Million

- a) The Jigme Dorji National Park, Damji had made double payments of Nu.0.033 million on account of TA/DA and mileage claims due to improper verification of claims by the accountant and non-maintenance of travel register. *AIN: 15004; Observation: 3.1;*



*Accountabilities: Direct: Tshering Wangchuk, Accountant, EID No. 200207191; Supervisory: Namgay, Offtg. CFO, EID No. 9810002.*

**Status:** *Observation not settled. PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu instructed MoAF to hold meeting with Jigme Dorji National Park in presence of accountable officials within December, 2019 to resolve the observation. The Ministry was also reminded to accord top priority to review the issues failing which the matter would be submitted to upcoming winter session of the Parliament and initiate thorough deliberation.*

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### 3.2. OUTSTANDING ADVANCES - Nu.0.586 MILLION

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

**Status:** *Observation not settled. PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu instructed MoAF to hold meeting with Jigme Dorji National Park in presence of accountable officials within December, 2019 to resolve the observation. The Ministry was also reminded to accord top priority to review the issues failing which the matter would be submitted to upcoming winter session of the Parliament and initiate thorough deliberation.*

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### 3.3. IRREGULAR ADJUSTMENTS OF ADVANCES - Nu.0.030 MILLION

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

**Status:** *Observation not settled. PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu instructed MoAF to hold meeting with Jigme Dorji National Park in presence of accountable officials within December, 2019 to resolve the observation. The Ministry was also reminded to accord top priority to review the issues failing which the matter would be submitted to upcoming winter session of the Parliament and initiate thorough deliberation.*

#### 1.1.1.4. MINISTRY OF EDUCATION

There was one unsettled irregularity under violation of laws and rules reported to the Parliament in November 2019, the Ministry of Education had not settled the irregularity as on 30 Sept. 2020 as summarized below:



Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
1	Violation of laws and rules	-	-	-	-
	<b>Total</b>	-	-	-	

The details of irregularity reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 is as discussed below:

## 1. Violation of Laws and Rules

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

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

The Department of School Education had booked a sum of Nu.1.473 million under the Closed Work Account for procurement of 36 desktop computers (Ci5 with genuine Windows 10 OS). The contract was awarded to supplier on 23<sup>rd</sup> October 2016. The amount of Nu.1.473 million was deposited into refundable deposit account under the closed work account on 24<sup>th</sup> October 2016. Booking of expenditure under closed work account immediately after placing the supply order without actual receipt of goods not only violated the budgetary norms but also inflated the reported expenditure of the Department.

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

**Status:** *Observation partially settled. While the amount of Nu.1.473 million was deposited into audit recoveries account, the performance security as per the contract terms is yet to be recovered from the supplier as recommended in the audit report.*

#### 1.1.1.5. MINISTRY OF LABOUR AND HUMAN RESOURCES

Out of the total unsettled irregularity of Nu.060 million reported to the Parliament in November 2019, the Ministry of Labour and Human Resources had not settled the irregularity as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2020	% Resolved
2	Shortfalls, lapses and deficiencies	0.060	-	0.060	-
	<b>Total</b>	0.060	-	0.060	

The details of irregularity reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 is as discussed below:

## 1. Shortfalls, lapses and deficiencies – Nu.0.060 million

There were cases of shortfalls, lapses and deficiencies involving Nu.0.060 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in November 2019 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30 Sept. 2020 (Nu. in million)
2.2	Outstanding advances	0.060	-	0.060
	<b>Total</b>	<b>0.060</b>	<b>-</b>	<b>0.060</b>

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

### 1.1. OUTSTANDING ADVANCES – NU.0.060 MILLION

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

**Status:** *Observation not settled. The case is subjudice in the High Court as per the letter No.MOLHR/FDRAA/01/2021/223 dated 15/09/2020.*

#### 1.1.1.8. MINISTRY OF HOME AND CULTURAL AFFAIRS

Out of the total unsettled irregularities of Nu.0.448 million reported to the Parliament in November 2019, the Ministry of Home and Cultural Affairs had not settled any irregularities on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2020	% Resolved
2	Shortfalls, lapses and deficiencies	0.448	-	0.448	-
	<b>Total</b>	<b>0.448</b>	<b>-</b>	<b>0.448</b>	

The details of irregularities reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 are as discussed below:

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

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

Sl. No.	Observation in Brief	Unsettled reported in November 2019 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30 Sept. 2020 (Nu. in million)
2.1	Difference in closing balances with resultant shortage	0.294	-	0.294
2.2	Sale proceeds collected/deducted without pre-observation of challans/bills	0.095	-	0.095
2.3	Short deduction of sales proceeds	0.059	-	0.059
	<b>Total</b>	<b>0.448</b>		<b>0.448</b>

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

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

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

**Status:** *Observation was not settled as the response submitted was not as per the recommendation.*

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

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

**Status:** *Observation was not settled as the response submitted was not as per the recommendation.*

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

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

**Status:** *Observation was not settled as the response submitted was not as per the recommendation.*

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### 1.1.2.1. DZONGKHAG ADMINISTRATION, TRONGSA

Out of the total unsettled irregularities of Nu.0.183 million reported to the Parliament in November 2019, the Dzongkhag Administration, Trongsa had not settled any irregularities as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in	Amount Resolved (Nu. in Million)	Balance as on 30/09/2020	% Resolved
1	Mismanagement	-	-	-	-
2	Violation of laws and rules	0.136	-	0.136	-
3	Shortfalls, lapses and deficiencies	0.047	-	0.047	-
	<b>Total</b>	<b>0.183</b>	<b>-</b>	<b>0.183</b>	

The details of irregularities reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 are as discussed below:

## 1. Mismanagement

There was a case of mismanagement as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in November 2019 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30 Sept. 2020 (Nu. in million)
1.2	Lapses in operation of Decentralization Support Programme Fund	-	-	Unsettled
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

The case of mismanagement is as indicated below:

### 1.2. LAPSES IN OPERATION OF DECENTRALIZATION SUPPORT PROGRAMME FUND

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

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

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

**Status:** *Observation not settled. The PAC consultative meeting held at Gelephu on 9 September 2019 directed the Dzongkhag and Gewog authorities to conduct*

*thorough review of the issues and submit relevant documents to OAG Bumthang within the same month, which remains to be submitted.*

*Reminder letter issued vide letter No.RAA/BT/Fus-03/2020/1123 dated 26/06/2020.*

## **2. Violation of Laws & Rules – Nu.0.136 million**

There were cases of violation of laws & rules involving Nu.0.136 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in November 2019 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30 Sept. 2020 (Nu. in million)
2.4	Non/Short levy of liquidated damages	0.136	-	0.136
2.5	Acceptance of sub-standard works	-	-	Settled
	<b>Total</b>	<b>0.136</b>	<b>-</b>	<b>0.136</b>

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

### **2.4. NON/SHORT LEVY OF LIQUIDATED DAMAGES - NU.0.136 MILLION**

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

**Status:** *Observation not settled. The PAC consultative meeting held in Gelephu on 9 Septemebr 2019 directed the Dzongkhag to inform the contractor to refund the amount.*

*Reminder letter issued vide letter No.RAA/BT/Fus-03/2020/1123 dated 26/06/2020.*

### **2.5. ACCEPTANCE OF SUB-STANDARD WORKS**

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

**Status:** *The observation was settled as the defective works were rectified by the contractor and verified by the auditors with DLO & site Engineer on 18/09/2019.*

## **3. Shortfalls, lapses & deficiencies – Nu.0.047 million**

There were cases of shortfalls, lapses & deficiencies involving Nu.0.047million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in November 2019 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30 Sept. 2020 (Nu. in million)
3.2.	Inadmissible payments	0.047	-	0.047
3.3.	Excess payment	-	-	Unsettled
	<b>Total</b>	<b>0.047</b>	<b>-</b>	<b>0.047</b>

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

### 3.1. INADMISSIBLE PAYMENTS - NU.0.047 MILLION

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

**Status:** The observation was not settled as the last reported unsettled balance of Nu.3,270.00 remained as it is. Reminder letter issued vide letter No.RAA/BT/Fus-03/2020/1123 dated 26/06/2020

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

**Status:** The observation was not settled as the last reported unsettled balance of Nu.14,388.81 remained as it is. Reminder letter issued vide letter No.RAA/BT/Fus-03/2020/1123 dated 26/06/2020.

### 3.4. EXCESS PAYMENT

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

**Status:** The observation was not settled. While the principle amount of Nu.0.166 million was deposited into audit recoveries account, 24% pa penalty is yet to be deposited.

#### 1.1.2.2. DZONGKHAG ADMINISTRATION, PUNAKHA

One unsettled irregularity under shortfalls, lapses and deficiencies was reported to the Parliament in November 2019. The Dzongkhag Administration, Punakha had settled the same as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30 Sept. 2020	% Resolved
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1	Shortfalls, lapses and deficiencies	-	-	-	100
	<b>Total</b>	-	-	-	-

The details of irregularity reported to the Parliament in November 2019 which had been settled as on 30 Sept. 2020 is as discussed below:

## 1. Shortfalls, lapses & deficiencies

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

### 1.1. LAPSES IN THE LAYING OF SEWER NETWORKS AT KHURUTHANG TOWN

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

**Status:** *The observation was settled as the principal amount was deposited vide receipt No. A00439 dated 17/09/2019 and the accumulated penalty of Nu. 11,3798.65 also recovered.*

### 1.1.2.3. DZONGKHAG ADMINISTRATION, DAGANA

Out of the total unsettled irregularities of Nu.0.816 million reported to the Parliament in November 2019, the Dzongkhag Administration, Dagana had settled irregularities of Nu.0.753 million leaving a balance of Nu.0.063 million as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Resolved
1	Violation of laws and rules	0.063	-	0.063	-
3	Shortfalls, lapses and deficiencies	0.753	0.753	-	100
	<b>Total</b>	<b>0.816</b>	<b>0.753</b>	<b>0.063</b>	

The details of irregularities reported to the Parliament in November 2019; irregularities settled thereafter and status as on 30 Sept. 2020 are as discussed below:



## 1. Violation of Laws & Rules – Nu.0.063million

There were cases of violation of laws & rules involving Nu.0.630 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in November 2019 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30 Sept. 2020 (Nu. in million)
1.2	Non-declaration and late submission of Asset Declaration	0.063	-	0.063
	<b>Total</b>	<b>0.630</b>	<b>-</b>	<b>0.063</b>

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

### 1.1. NON-DECLARATION AND LATE SUBMISSION OF ASSET DECLARATION – Nu.0.063 MILLION

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

**Status:** *Observation not settled. Although observation against Sonam Jamtsho and Kinga Singye was settled based on review of the justification, the case against Kinley Tenzin with the involvement of Nu.0.063 million remained unsettled.*

## 2. Shortfalls, lapses & deficiencies

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

Sl. No.	Observation in Brief	Unsettled reported in November 2019 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30 Sept. 2020 (Nu. in million)
2.1	Non-recovery of penalties imposed for balance work not executed and submission of false Bank Guarantee	0.455	0.455	-
2.2	Excess payment to contractor	0.298	0.298	-
	<b>Total</b>	<b>0.753</b>	<b>0.753</b>	<b>-</b>

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

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

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

Further, the contractor had submitted a Bank Guarantee in lieu of performance security for the contract work, which pertained to the construction of Drasha at Paga Goenpa, under Chukha Dzongkhag. *AIN: 14526; Observation: 3.2; Accountabilities: Direct: Ugyen Dorji, In-Charge, EID No. 8106021; Dzeko Dorji, In-charge, EID No. 2008108; Supervisory: Jamyang Phuntsho, Chief, EID No.2101017.*

**Status:** *The observation was settled from this report as the same observation has been reported under AIN 13991 Ob. No. 1A and the matter shall be pursued from there.*

## 2.2. EXCESS PAYMENT TO CONTRACTOR

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

**Status:** *The observation was settled from this report as the same observation has been reported under AIN 13991 Ob. No. 1A and the matter shall be pursued from AIN.13991.*

### 1.1.2.4. DZONGKHAG ADMINISTRATION, HAA

Out of the total unsettled irregularities of Nu.0.458 million reported to the Parliament in November 2019, the Dzongkhag Administration, Haa had settled irregularities of Nu.0.013 million as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2020	% Resolved
1	Shortfalls, lapses and deficiencies	0.458	0.013	0.445	2.84
	<b>Total</b>	<b>0.458</b>	<b>0.013</b>	<b>0.445</b>	

The details of irregularities reported to the Parliament in November 2019, irregularities settled thereafter and unsettled balances as on 30 Sept. 2020 are as discussed below:

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

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

Sl. No.	Observation in Brief	Unsettled reported in November 2019 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30 Sept. 2020 (Nu. in million)
1.1	Whereabouts of balance of Nu.0.010 million retained and non-production of distribution list	0.397	-	0.397
1.2	Outstanding advances	0.061	0.013	0.048
	<b>Total</b>	<b>0.458</b>	<b>0.013</b>	<b>0.445</b>

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

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

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

Further, the Dzongkhag failed to produce records/distribution lists for the disbursement of the Firewood Royalty Income amounting to Nu.0.397 million that were distributed to the six gewogs and Haa Throm for two consecutive years from 2014-15 to 2015-16. *AIN: 14438; Observation: 3.2; Accountabilities: Direct: Ugyen, Ex-Gup, Bji CID No. 10501001692; Chundu, Ex Gup, Katsho, CID No. 10503000855; Tobgay, Ex-Gup, Sombay, CID No. 10505000666; Tenzin Jambay, Ex-Gup, Esu, CID No. 10502000312; Nim Dorji, Ex-Gup, Gakidling, CID No. 10505000396; and Tshewang Tandin, Ex-Gup, Samar, CID No. 10504001879; Supervisory: Ugyen, Ex- Gup, Bji, CID No. 10501001692; Chundu, Ex-Gup, Katsho, CID No. 10503000855; Tobgay, Ex-Gup, Sombay, CID No. 10505000666; Tenzin Jambay, Ex-Gup, Esu, CID No. 10502000312; Nim Dorji, Ex-Gup, Gakidling, CID No. 10505000396; and Tshewang Tandin, Ex-Gup, Samar, CID No. 10504001879.*

**Status:** *Observation not settled. The PAC consultative meeting held at DT Hall, Paro Dzongkhag on 27 July 2019 decided to make site visit and review the issue during the next audit of Haa Dzongkhag.*

#### 1.2. OUTSTANDING ADVANCES - NU.0.048 MILLION

The Dzongkhag Administration, Haa had overdue advances amounting to Nu.0.061 million lying unadjusted against official and parties. There were Personal Advances amounting to Nu.0.048 million given as salary advance and Public Works Advances amounting to Nu.0.013 million given as fuel advance for approach road clearing and connection works for the new Royal Guest House construction. *AIN: 14438; Observation: 4; Accountabilities: Direct: Sonam Wangchuk, DSO, EID No.200508097; Supervisory: Dasho Kinzang Dorji, Dzongda, EID No. 9306022.*

**Status:** *Observation partially settled. Out of Nu.0.061 million; Nu.0.013 million recovered leaving a balance of Nu.0.048 million.*

### 1.1.3. GEWOGS ADMINISTRATION

#### 1.1.3.1. GEWOGS ADMINISTRATION UNDER PARO DZONGKHAG

##### I. WANGCHANG

Out of the total unsettled irregularities of Nu.0.980 million reported to the Parliament in November 2019, the Gewog Administration, Wangchang had not settled any irregularities as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2020	% Resolved
1	Mismanagement	0.500	-	0.500	-
2	Shortfalls, lapses and deficiencies	0.480	-	0.480	-
	<b>Total</b>	<b>0.980</b>	<b>-</b>	<b>0.980</b>	

The detailed status of irregularities reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 are as discussed below:

#### 1. Mismanagement – Nu.0.500 million

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

Sl. No.	Observation in Brief	Unsettled reported November 2019 (Nu. in million)	Settled (Nu. in million)	Unsettled as 30 Sept. 2020 (Nu. in million)
1.1.	Irregularities in providing and fixing of 30 HP Centrifugal Pumps	-	-	Unsettled
1.2.	Unjustified & extravagant payment for 30HP Electric Motor pumps – Nu.0.500	0.500	-	0.500
	<b>Total</b>	<b>0.500</b>		<b>0.500</b>

The cases of mismanagement are as indicated below:

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

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

**Status:** *Observation not settled. The PAC consultative meeting held on 25/7/2019 reviewed the case including making site visits. The present Gup was instructed to convey ex Gup of the Committee's desire to conduct either public hearing or consultation meeting with them as the government expenditure had been rendered waste. The Gup was also instructed to find out the whereabouts of the contractor and inform the PAC at the earliest. However no progress had been reported to the RAA as of 30 Sept.2020.*

## 1.2. UNJUSTIFIED & EXTRAVAGANT PAYMENT FOR 30HP ELECTRIC MOTOR PUMPS – Nu.0.500 MILLION

The Gewog Administration had procured two 30 HP electric motor pumps at Nu.0.500 million (Nu.0.250 million each) against the specification of one 50 HP electric motor pump with a quoted rate of Nu.0.065 million which had additional financial implication of Nu. 0.435 million. This resulted into an unjustified & extravagant payment for one 30 HP electric motor pump. The lapses had occurred apparently due to laxity of the dealing officials in exploring for the most competitive prices, when the rate for the alternative pump was abnormally high. *AIN: 14596; Observation: 1.7 & 1.8; Accountabilities: Direct: Kencho Wangdi Engineer, EID No. 200409002; Supervisory: Thinley Dorji, Ex-Gup, CID No. 10811002122.*

**Status:** *Observation not settled. The PAC consultative meeting held on 25/7/2019 reviewed the case including the site visits. The present Gup was instructed to convey ex Gup of the Committee's desire to conduct either public hearing or consultation meeting with them as the government expenditure had been rendered waste. The Gup was also instructed to find out the whereabouts of the contractor and inform the PAC at the earliest. However no progress had been reported to the RAA as of 30 Sept. 2020.*

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

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

Sl. No.	Observation in Brief	Unsettled reported in November 2019 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30 Sept. 2020 (Nu. in million)
2.1.	Non-accountal of extracted materials	0.446	-	0.446
2.2.	Excess payment	0.034	-	0.034
2.3.	Defective Work	-	-	Unsettled
<b>Total</b>		<b>0.480</b>		<b>0.480</b>

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

### I.1. NON-ACCOUNTAL OF EXTRACTED MATERIALS - Nu.0.446 MILLION

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

**Status:** *Observation not settled. The PAC consultative meeting held on 25/7/2019 reviewed the case including the site visits. The present Gup was instructed to convey ex Gup of the Committee's desire to conduct either public hearing or consultation meeting with them as the government expenditure had been rendered waste. The Gup was*

*also instructed to find out the whereabouts of the contractor and inform the PAC at the earliest. However no progress had been reported to the RAA as of 30 Sept. 2020.*

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## I.2. EXCESS PAYMENT - Nu.0.034 MILLION

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

**Status:** *Observation not settled. The PAC consultative meeting held on 25/7/2019 reviewed the case including the site visits. The present Gup was instructed to convey ex Gup of the Committee's desire to conduct either public hearing or consultation meeting with them as the government expenditure had been rendered waste. The Gup was also instructed to find out the whereabouts of the contractor and inform the PAC at the earliest. However no progress had been reported to the RAA as of 30 Sept. 2020.*

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## I.3. DEFECTIVE WORKS

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

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

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

**Status:** *Observation not settled. The PAC consultative meeting held on 25/7/2019 reviewed the case including the site visits. The present Gup was instructed to convey ex Gup of the Committee's desire to conduct either public hearing or consultation meeting with them as the government expenditure had been rendered waste. The Gup was also instructed to find out the whereabouts of the contractor and inform the PAC at the earliest. However no progress had been reported to the RAA as of 30 Sept. 2020.*

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## II. LUNGNYI

The Gewog Administration, Lungnyi had not settled irregularity of Nu.0.300 million reported to the Parliament in November 2019. The unsettled irregularity as on 30 Sept. 2020 is as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2020	% Resolved
1	Fraud, Corruption & Embezzlement	0.300	-	0.300	-
	<b>Total</b>	<b>0.300</b>	<b>-</b>	<b>0.300</b>	

The detailed status of irregularity reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 is as discussed below:

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

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

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

The Gewog Administration, Lungnyi had not disclosed the receipt of Nu.0.300 million from M/s Olathang Hotel for improvement of farm road from takeoff point. M/s Olathang Hotel had provided additional financial assistance of Nu.0.300 million for improvement of steep gradient and congested turning at takeoff point by blacktopping the farm road and the amount was paid to the Ex-Gup vide voucher No.T-459 dated 9<sup>th</sup> July 2016.

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

**Status:** *Observation not settled. The PAC consultative meeting held on 25/7/2019 at DT Hall Paro Dzongkhag instructed the Gup to inform the ex Gup to deposit the money and write formal letter to Dzongkhag, RAA and PAC at the earliest. However no progress had been reported to the RAA as of 30 Sept. 2020.*

### III. HUNGREL

The Gewog Administration, Hungrel had not settled irregularity of Nu.0.085 million reported to the Parliament in November 2019. The unsettled irregularity as on 30 Sept. 2020 is as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2020	% Resolved
1	Fraud, Corruption & Embezzlement	0.085	-	0.085	-
	<b>Total</b>	<b>0.085</b>	<b>-</b>	<b>0.085</b>	

The detailed status of irregularity reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 is as discussed below:



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

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

### 1.1. SHORTAGE OF RWSS MATERIALS - NU.0.085 MILLION

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

**Status:** *Observation not settled. As per the letter No. Nga/-4-Adm./2019-2020/244 dated 18/12/2019 despite repeated reminder by the Gewog the responsible persons viz. Ex-Gup & Site Engineer didn't respond.*

### 1.1.3.2. GEWOGS ADMINISTRATION UNDER GASA DZONGKHAG

#### I. LAYA

Out of the total unsettled irregularities of Nu.2.740 million reported to the Parliament in November 2019, the Gewog Administration, Laya had not settled any irregularities as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2020	% Resolved
1	Shortfalls, lapses and deficiencies	2.740	-	2.740	-
	<b>Total</b>	<b>2.740</b>		<b>2.740</b>	

The detailed status of irregularities reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 are as discussed below:

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

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

Sl. No.	Observation in Brief	Unsettled reported in November 2019 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30 Sept. 2020 (Nu. in million)
1.1.	Payment of TA/DA claims without proper supporting documents	0.037	-	0.037
1.2.	Missing vouchers	2.703	-	2.703
	<b>Total</b>	<b>2.740</b>		<b>2.740</b>

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

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

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

**Status:** Observation not settled.

## 1.2. MISSING VOUCHERS - Nu.2.703 MILLION

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

**Status:** Observation not settled.

## II. LUNANA

Out of the total unsettled irregularities of Nu.0.154 million reported to the Parliament in November 2019, the Gewog Administration, Lunana had not settled any irregularities as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2020	% Resolved
1	Shortfalls, lapses and deficiencies	0.154	-	0.154	-
	<b>Total</b>	<b>0.154</b>	<b>-</b>	<b>0.154</b>	

The detailed status of irregularities reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 are as discussed below:

### 1. Shortfalls, lapses and deficiencies – Nu.0.154 million

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

Sl. No.	Observation in Brief	Unsettled reported in November 2019 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30 Sept. 2020 (Nu. in million)
1.1.	Shortage of HSD	0.078	-	0.078
1.2.	Irregular adjustment/payment	0.038	-	0.038
1.3.	Double payment of TA/DA claims	0.038	-	0.038
	<b>Total</b>	<b>0.154</b>	<b>-</b>	<b>0.154</b>

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

### 1.1. SHORTAGE OF FUEL - NU.0.078 MILLION

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

**Status:** *Observation not settled.*

### 1.2. IRREGULAR ADJUSTMENT/PAYMENT - NU.0.038 MILLION

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

**Status:** *Observation not settled.*

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

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

**Status:** *Observation not settled.*

## III. KHAMOED

The Gewog Administration, Khamoed had not settled irregularity of Nu.0.100 million reported to the Parliament in November 2019. The unsettled irregularity as on 30 Sept. 2020 is as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2020	% Resolved
1	Shortfalls, lapses and deficiencies	0.100	-	0.100	-
	<b>Total</b>	<b>0.100</b>	<b>-</b>	<b>0.100</b>	

The detailed status of irregularity reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 is as discussed below:

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

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

### 1.1. SHORTAGES OF FUEL - NU.0.100 MILLION

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

**Status:** *Observation not settled.*

## 1.1.3.3. GEWOG ADMINISTRATIONS UNDER MONGGAR DZONGKHAG

### I. SALING

Out of the total unsettled irregularity of Nu.0.190 million reported to the Parliament in November 2019, the Gewog Administration, Saling had not settled the irregularity as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Resolved
2	Shortfalls, lapses and deficiencies	0.190	-	0.190	0
	<b>Total</b>	<b>0.190</b>		<b>0.190</b>	

The detailed status of irregularity reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 are as discussed below:

## 2. Shortfalls, lapses and deficiencies - Nu.0.190 million

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

### 2.1. NON DEDUCTION OF REBATE OFFERED - NU.0.190 MILLION

The Gewog Administration, Saling had not deducted Nu.0.303 million offered as lump sum rebate by the contractor in the construction of Meeting Hall at Lingmithang. The lapses had occurred apparently due to improper verification and certification of contractor's bills for payment by site engineer which is indicative of lack of internal

controls. *AIN: 14568; Observation: 4(a); Accountabilities: Direct: Tenzin Dema, JE, EID No. 200707076; Supervisory: Choney Dorji, Gup, CID No. 10704001091.*

**Status:** *Observation not settled. The PAC consultative meeting held at Samdrupjongkhar from 27 to 28/09/19 instructed the Gewog Administration to follow up with the Contractor to recover the rebate.*

## II. MONGGAR

Out of the total unsettled irregularity of Nu.0.231 million reported to the Parliament in November 2019, the Gewog Administration, Monggar had settled the irregularity as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Resolved
1	Shortfalls, lapses and deficiencies	0.231	0.231	-	100
	<b>Total</b>	<b>0.231</b>	<b>0.231</b>	<b>-</b>	

The detailed status of irregularity reported to the Parliament in November 2019 which was settled as on 30 Sept. 2020 is as discussed below:

### 1. Shortfalls, lapses and deficiencies

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

#### 1.2. NON-PAYMENT OF FINAL BILL BALANCE AMOUNT TO CONTRACTOR

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

**Status:** *The observation was settled as Nu.0.212 million was deposited vide R/No.429633 dated 19/12/2019 and the balance adjusted based on the letter No.MD/Accts.01.2019/4844 dated 23/12/2019.*

## III. NARANG

Out of the total unsettled irregularity of Nu.0.046 million reported to the Parliament in November 2019, the Gewog Administration, Narang had not settled any irregularity as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
1	Shortfalls, lapses and deficiencies	0.046	-	0.046	-
	<b>Total</b>	<b>0.046</b>	<b>-</b>	<b>0.046</b>	

The detailed status of the irregularity reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 is as discussed below:

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

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

#### 1.1. EXCESS PAYMENT - Nu.0.046 MILLION

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

**Status:** *Observation not settled. The PAC consultative meeting held at Samdrupjongkhar from 27 to 28/09/19 instructed the Gewog to submit all the action taken report to OAAG, Bumthang besides recovering the amount. No documents were submitted to OAAG, Bumthang. Reminder letter issued vide letter No.RAA-BT/Fus-03/2019/1006 dated 29/11/2019.*

#### 1.1.3.4. GEWOGS ADMINISTRATION UNDER SARPANG DZONGKHAG

##### I. GAKIDLING

The Gewog Administration, Gakidling had not settled irregularity of Nu.0.742 million reported to the Parliament in November 2019. The unsettled irregularity as on 30 Sept. 2020 is summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
1	Shortfalls, lapses and deficiencies	0.742	-	0.742	-
	<b>Total</b>	<b>0.742</b>	<b>0.000</b>	<b>0.742</b>	

The status of irregularity reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 is as discussed below:

### 1. Shortfalls, lapses and deficiencies – Nu.0.742 million

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

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

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

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

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

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

**Status:** *Observation not settled. The defendant has appealed to High Court after verdict was issued in favour of Dzongkhag Administration.*

## II. GELEPHU

Out of the total unsettled irregularities of Nu.0.349 million reported to the Parliament in November 2019, the Gewog Administration, Gelephu had not settled any irregularities as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 30/09/2020	% Settled
1	Violation of laws and rules	0.196	-	0.196	-
2	Shortfalls, lapses and deficiencies	0.153	-	0.153	-
Total		0.349	0.000	0.349	

The detailed status of irregularities reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 are as discussed below:

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

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

#### 1.1. NON-LEVY OF LIQUIDATED DAMAGES - Nu.0.196 MILLION

The Gewog Administration, Gelephu had not levied liquidated damages of Nu.0.196 million for non-completion of works in the maintenance of Passangchhu Irrigation Channel at Pelrithang Khatoe. The contractor had neither submitted work completion report nor the final bill. The lapses had occurred due to non-compliance to contract



terms and conditions. *AIN: 14627; Observation: 1.3; Accountabilities: Direct: Ugyen Phuntsho, JE, EID No. 20140103485; Supervisory: Ugyen Wangchuk, Gup, CID No. 11306002353.*

**Status:** *Observation not settled. ATR reminder has been send vide RAA/OAAG(T)FUS-01/2019-2020/147 dated 2/9/2019.*

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

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

### 2.1. EXCESS PAYMENT - NU.0.153 MILLION

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

**Status:** *Observation not settled. It was reported during the PAC consultative Meeting held at Gelephu on 8 August 2019 that Dzongkhag had pursued the matter in Court and had issued verdict in favour of Dzongkhag but the defendant had approached the ARDC and the case is subjudice.*

## 1.1.3.5. GEWOGS ADMINISTRATION UNDER PUNAKHA DZONGKHAG

### I. GOENSHARI

Out of the total unsettled irregularity of Nu.0.117 million reported to the Parliament in November 2019, the Gewog Administration, Goenshari had not settled the irregularity as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Resolved
1	Fraud, Corruption & Embezzlement	0.117	-	0.117	-
	<b>Total</b>	<b>0.117</b>	<b>-</b>	<b>0.117</b>	

The detailed status of irregularity reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 is as discussed below:

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

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

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

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

**Status:** *Observation not settled despite several follow-ups.*

## II. TALOG

The Gewog Administration, Talog had not settled irregularity of Nu.0.116 million reported to the Parliament in November 2019 as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
1	Shortfalls, lapses and deficiencies	0.116	-	0.116	-
	<b>Total</b>	<b>0.116</b>	<b>-</b>	<b>0.116</b>	

The detailed status of irregularity reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 is as discussed below:

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

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

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

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

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

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

**Status:** Observation not settled despite several follow-ups.

### 1.1.3.6. GEWOGS ADMINISTRATION UNDER WANGDUEPHODRANG DZONGKHAG

#### I. GASETSHOWOM

Out of the total unsettled irregularity of Nu.0.089 million reported to the Parliament in November 2019, the Gewog Administration, Gasetshowom had settled the irregularity as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
1	Shortfalls, lapses and deficiencies	0.089	0.089	-	100
	<b>Total</b>	<b>0.089</b>	<b>0.089</b>	<b>-</b>	

The detailed status of irregularity reported to the Parliament in November 2019 which was settled as on 30 Sept. 2020 is as discussed below:

#### 2. Shortfalls, Lapses and Deficiencies

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

##### 1.1. OUTSTANDING ADVANCES

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

**Status:** The observation was settled vide report ref. No. vide RAA/OAAG(T)FUS-02/2019-2020/0507 dated 14.02.2020.

#### II. NYISHO

Out of the one unsettled irregularity under shortfalls, lapses and defeciciencies reported to the Parliament in November 2019, the Gewog Administration, Nyisho had settled the same as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
1	Shortfalls, lapses and deficiencies	-	-	-	100
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The detailed status of irregularity reported to the Parliament in November 2019 which was settled as on 30 Sept. 2020 is as discussed below:

## 1. Shortfalls, Lapses and Deficiencies

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

### 1.1. OUTSTANDING PUBLIC WORKS ADVANCES

The Gewog Administration, Nyisho had overdue Public Works Advances of Nu.1.659 million pertaining to the financial year 2015-2016. The advance was reported to be liquidated, however, work completion report needs to be submitted. *AIN: 14802; Observation: 1; Accountabilities: Direct: Tshering Dorji, GAO, EID No. 201105031; Supervisory: Dorji, Gup, CID No. 11910000347*

**Status:** *The observation was settled vide RAA/OAAG(T)FUS-01/2018-2019/0293 dated 15.10.2019.*

## III. KAZHI

One unsettled irregularity under violation of laws and rules was reported to the Parliament in November 2019, the Gewog Administration, Kazhi had settled the same as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
1	Violation of laws and rules	-	-	-	100
	Total	-	-	-	-

The detailed status of irregularity reported to the Parliament in November 2019 which was settled as on 30 Sept. 2020 is as discussed below:

## 1. Violations of laws and rules

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

### 1.1. ACCEPTANCE OF DEFECTIVE WORKS IN MAINTENANCE OF FARM ROAD

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

**Status:** *The observation was settled vide RAA/OAAG(T)FUS-02/2019-2020/0505 dated 14.01.2020.*

## AUTONOMOUS AGENCIES

### 1.1.3.7. THIMPHU THROMDE

Out of the total unsettled irregularities of Nu.15.871 million reported to the Parliament in November 2019, Thimphu Thromde had settled irregularities of Nu.15.641 million leaving a balance of Nu.0.230 million as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
2	Violation of laws and rules	-	-	-	-
3	Shortfalls, lapses and deficiencies	15.871	15.641	0.230	98.55
	<b>Total</b>	<b>15.871</b>	<b>15.641</b>	<b>0.230</b>	

The detailed status of irregularities reported to the Parliament in November 2019; irregularities settled thereafter and unsettled ones as on 30 Sept. 2020 are as discussed below:

#### 1. Violation of Laws & Rules

There were cases of violation of laws & rules involving Nu.0.268 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in November 2019 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30 Sept. 2020 (Nu. in million)
2.1	Payment made for items not specified in the quotation	-	-	Settled
2.2	Decision of Thromde Tshogde meeting not in line with the Thromde Rules, 2011	-	-	Unsettled
2.3	Non-production of supporting documents	-	-	Unsettled
2.4	Irregularities in awarding of work and non-production of documents	-	-	Unsettled
	<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

#### 2.1. PAYMENT MADE FOR ITEMS NOT SPECIFIED IN THE QUOTATION

Thimphu Thromde made payment of Nu.0.268 million for special stainless tray for electric cremators that was not specified in the quotation. RAA deemed that the tray should have been part of the three unit electric incinerators procured. Further, the stainless tray was designed for old electric incinerator and was not compatible to the new machines. Thus, the acceptance of stainless tray for the new machines and the payments made for the same were not justified. *AIN: 14467; Observation: 1.2; Accountabilities: Direct: Phurba Tshering, Asstt. Engineer II, EID No. 200207055; Supervisory: Yeshi Wangdi, Dy. Executive Engineer, EID No. 200207053.*

**Status:** The observation was settled as reprimand letter was served to the accountable persons vide letter No. CDA/PER-17/2019-2020/9787 dated 02/06/2020.

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## 2.2 DECISION OF THROMDE TSHOGDE MEETING NOT IN LINE WITH THE THROMDE RULES

The Thromde Tshogde had approved various agendas which were not in line with the Thromde Rules, 2011 and Development Rules and Regulations, 2002. In most of the cases, the Thromde Tshogde had waived-off penalties, imposed nominal fees and regularized illegal construction, etc. beyond the delegated authority. *AIN: 14467; Observation: 8; Accountabilities: Direct: Kinley Dorji, Thrompon, CID No. 11410000297; Supervisory: Kinley Dorji, Thrompon, CID No. 11410000297.*

**Status:** Observation not settled. Based on the decision of PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu, bilateral meeting between RAA and Thimphu Thromde was held on 20/12/2019.

*The bilateral meeting between the RAA and Thimphu Thromde held on 20/12/2019 decided that the Thromde should submit revised response to the RAA. However, the RAA had not receive the revised response as of 30 Sept. 2020.*

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## 2.3 NON-PRODUCTION OF SUPPORTING DOCUMENTS

Thimphu Thromde did not produce documents for payment of Nu.4.901 million made to the Managing Director, NHDCL on account of compensation for demolition of six Government quarters for multi-level car parking construction. In absence of the documents relating to demolition, the correctness of the payment could not be ascertained.

In addition, the stock register for water meters was not made available due to which the correctness of the water meters sold and amounts collected/deposited could not be ascertained. *AIN: 14467; Observation: 18; Accountabilities: Direct: Govind Sharma, Sr. Architect, EID No. 201001102; Supervisory: Govind Sharma, Sr. Architect, EID No. 201001102.*

**Status:** Observation partially settled. The Thromde submitted documents for Nu.4.901 million, while detail records for water meters had not been received as of 30 Sept. 2020.

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## 2.4 IRREGULARITIES IN AWARDING OF WORK AND NON-PRODUCTION OF DOCUMENTS

Thimphu Thromde had irregularities in awarding the construction of storm water drain at Yangchenphug High School and maintenance of city drains. Bid Evaluation Committee had initially disqualified all the bids as none of the firms submitted the details of equipment and human resource. However, the committee later decided to award the work to M/s Yardak Construction based on his lowest financial bid and ignoring the technical capacity.

Further, deposit of EMD of Nu.0.180 million which was forfeited due to failure to execute the work by the contractor into RGR Account could not be verified due to non-production of related documents. *AIN: 14467; Observation: 19; Accountabilities: Direct: Sonam Wangchuk, Asstt. Land Registrar I, EID No. 200605039; Supervisory: Sonam Wangchuk, Asstt. Land Registrar I, EID No. 200605039.*

**Status:** Observation not settled. Thimphu Thromde was asked to furnish the evidence of having forfeited EMD of Nu.180,000.00 and deposited into government account. Based on the decision of PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu, the bi-lateral meeting between RAA and Thimphu Thromde was held on 20/12/19. However, Thimphu Thromde had not taken action as of 30 Sept. 2020 as per the decision of the bilateral meeting held on 20/12/2019.

### 3 Shortfalls, lapses & deficiencies – Nu.0.230 million

There were cases of shortfalls, lapses & deficiencies involving Nu.16.222 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in November 2019 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30 Sept. 2020 (Nu. in million)
3.1	Inadmissible payment of advance to M/s Greener Way	15.641	15.641	Settled
3.3	Excess payment of Nu.0.230 million and defective work thereof	0.230	-	0.230
3.4	Non-recording of works in Measurement Book	-	-	Settled
	<b>Total</b>	<b>15.871</b>	<b>15.641</b>	<b>0.230</b>

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

#### 3.1. INADMISSIBLE PAYMENT OF ADVANCE TO M/S GREENER WAY

Thimphu Thromde had made inadmissible advance payments aggregating to Nu.15.641 million to Greener Way for procurement of waste collecting vehicles. No approval from the Thromde Council was obtained for the advance. Moreover, such payments were neither covered under the contract document nor unconditional bank guarantee as required by the PRR 2009 was obtained. Lending financial and other supports in deviation to prevailing norms and contract agreement tantamount to extending undue favour to the contractor. *AIN: 14467; Observation: 3; Accountabilities: Direct: Kinley Dorji, Thrompon, CID No. 11410000297; Supervisory: Kinley Dorji, Thrompon, CID No. 11410000297.*

**Status:** The observation was settled based on the Royal Kasho reference No.Gyelzim/Thrimdey/2019/985 dated 30/01/2019.

#### 3.2 EXCESS PAYMENT - NU.0.230 MILLION

- Thimphu Thromde had made an excess payment of Nu.0.110 million to M/s Thuenlam Construction for intermediate wall and slope stabilization works at Youth Development premises. The excess payment had occurred due to payment for quantities in excess of quantities actually executed at site. *AIN: 14467; Observation: 10; Accountabilities: Direct: Teknath Karaia, Dy. Executive Engineer, EID No. 201001178; Supervisory: Tshering Peljore, Forest Officer, EID No. 9211045.*

**Status:** Observation not settled. Based on the decision of PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu, the bi-lateral meeting between RAA and Thimphu Thromde was held on 20/12/19. However, Thimphu



*Thormde had not taken action as of 30 Sept. 2020 as per the decision of the bilateral meeting held on 20/12/2019.*

- b) Thimphu Thromde had made excess payments aggregating to Nu.0.120 million to M/s NITT Construction on account of construction of Storm Water Drain at Yangchenphu Higher Secondary School & City Drain, Taba. The excess payments had occurred due to acceptance of excess measurements and arithmetical error in the measurement book as against the actual quantities of work executed at site. *AIN: 14467; Observation: 12; Accountabilities: Direct: Kumar Subba, Asstt. Engineer IV, EID No. 201101254; Supervisory: Kumar Subba, Asstt. Engineer-IV, EID No. 201101254.*

**Status:** *Observation not settled. Based on the decision of PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu, the bi-lateral meeting between RAA and Thimphu Thromde was held on 20/12/19. However, Thimphu Thormde had not taken action as of 30 Sept. 2020 as per the decision of the bilateral meeting held on 20/12/2019.*

### 3.3 NON-RECORDING OF WORKS IN MEASUREMENT BOOK

Three road maintenance works aggregating to Nu.50.298 million executed by Thimphu Thromde had not been recorded in measurement book. While the materials procured were entered in the MBs, the measurement of works executed were not recorded. *AIN: 14467; Observation: 17; Accountabilities: Direct: Kumar Subba, Asstt. Engineer-IV, EID No. 201101254; Supervisory: Sangay Wangchuk, Principal Engineer, EID No. 8908078.*

**Status:** *The observation was settled based on the compliance assure by the Thimphu Thromde that proper records shall be maintained henceforth for all departmental works.*

#### 1.1.3.8. DRATSHANG LHENTSHOG

Out of the total unsettled irregularities of Nu.16.551 million reported to the Parliament in November 2019, Dratshang Lhentshog had not settled any irregularities as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
1	Violation of laws and rules	2.340	-	2.340	-
2	Shortfalls, lapses and deficiencies	14.211	-	14.211	-
	<b>Total</b>	<b>16.551</b>	<b>-</b>	<b>16.551</b>	

The detailed status of irregularities reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 are as discussed below:

#### 1. Violation of laws and rules - Nu.2.340 million

There were cases of violation of laws and rules involving Nu.2.340 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in November 2019 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30 Sept. 2020 (Nu. in million)
1.1	Non-levy of 10% Liquidated damages for delay in completion of work	-	-	Unsettled
1.2	Avoidable expenditure on consultancy fee	2.340	-	2.340
	<b>Total</b>	<b>2.340</b>	<b>-</b>	<b>2.340</b>

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

#### 1.1. NON-LEVY OF 10% LIQUIDATED DAMAGES FOR DELAY IN COMPLETION OF WORK

The Dratshang Lhentshog had not levied 10% liquidated damages for delay in completion of work in the construction of *Losel Yanchenling Anim Zhirim Lobdra Tewa* at Yagpogang, Monggar as per General Conditions of Contract (GCC). *AIN: 14751; Observation: 1.1; Accountabilities: Direct: Rinzin Phurba, Project Engineer, EID No. 9507029; Supervisory: Ugyen Tshering, Project Manager, EID No. 200901028.*

**Status:** *Observation not settled.*

#### 1.2. AVOIDABLE EXPENDITURE ON CONSULTANCY FEE - NU.2.340 MILLION

The Dratshang Lhentshog had incurred an avoidable expenditure of Nu.2.340 million on account of consultancy service fee of Nu.0.060 million per month paid to M/s Basic Consultancy hired as the Supervision Consultant for the construction of *Losel Yanchenling Anim Zhirim Lobdra Tewa* at Yagpogang, Monggar. The Consultant was paid for 39 months even after the expiry of contract duration on 19<sup>th</sup> February, 2014 and the work progress was delayed by more than three year at the time of Audit in April 2017.

The delay in completion of works by the contractor was aggravated by the failure of the Supervision Consultant in its responsibility and thus the payment of consultancy service fee for supervision was not justifiable. *AIN: 14751; Observation: 1.2; Accountabilities: Direct: Rinzin Phurba, Project Engineer, EID No. 9507029; Supervisory: Ugyen Tshering, Project Manager, EID No. 200901028.*

**Status:** *Observation not settled.*

## 2. Shortfalls, lapses and deficiencies - Nu. 14.211 million

There were cases of Shortfalls, lapses and deficiencies involving Nu.14.211million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in November 2019 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30 Sept. 2020 (Nu. in million)
2.1.	Excess Payment to Contractor	0.052	-	0.052
2.2.	Outstanding PW Advances	14.159	-	14.159
	<b>Total</b>	<b>14.211</b>	<b>-</b>	<b>14.211</b>

The cases of Shortfalls, lapses and deficiencies involving Nu.14.211 million are as indicated below:

## 2.1. EXCESS PAYMENT TO CONTRACTOR - Nu.0.052 MILLION

The Dratshang Lhentshog had made excess payments amounting to Nu.0.052 million to contractor due to payment at rates higher than quoted rates for some items of works in the construction of *Losel Yangchenling Anim Zhirim Lobdra Tewa* at Yagpogang, Monggar. The lapses had occurred due to oversight by the Consultant Engineer and Project Engineer during the verification of bills, indicating weakness in internal control. *AIN: 14751; Observation: 1.3; Accountabilities: Direct: Rinzin Phurba, Project Engineer, EID No. 9507029; Supervisory: Ugyen Tshering, Project Manager, EID No. 200901028.*

**Status:** *Observation not settled.*

## 2.2. OUTSTANDING PW ADVANCES - Nu.14.159 MILLION

The Dratshang Lhentshog had overdue Public Works Advances amounting to Nu.16.297 million lying unadjusted against contractor in the construction of *Losel Yangchenling Anim Zhirim Lobdra Tewa* at Yagpogang, Monggar. The contractor had completed about 95% of the work at the time of audit in April 2017, but Mobilization Advance of Nu.2.985 million and Secured Advance of Nu.13.312 million were still lying unadjusted from the contractor.

All advances should have been recovered when 80% of contract works were completed as per General Conditions of Contract. *AIN: 14751; Observation: 1.5; Accountabilities: Direct: Rinzin Phurba, Project Engineer, EID No. 9507029; Supervisory: Kinley Dorji, Chief AFD, EID No. 7601031.*

**Status:** *Observation not settled. The unsettled balance of Nu.14.159 million reported last remained unsettled.*

### 1.1.3.9. PHUENTSHOLING THROMDE

Out of the total unsettled irregularities of Nu.2.233 million reported to the Parliament in November 2019, Phuentsholing Thromde had not settled the amount. However, one irregularity under violation of laws and rules was resolved as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
1	Mismanagement	2.233	-	2.233	-
2	Violation of laws and rules	-	-	-	100
3	Shortfalls, lapses and deficiencies	-	-	-	-
	<b>Total</b>	<b>2.233</b>	<b>0.000</b>	<b>2.233</b>	

The detailed status of irregularities reported to the Parliament in November 2019; irregularities settled thereafter and unsettled ones as on 30 Sept. 2020 are as discussed below:

## 1. Mismanagement

### 1.1. OUTSTANDING LAND TAXES - NU.2.230 MILLION

Phuentsholing Thromde had outstanding urban land taxes amounting to Nu.3.051 million lying unsettled for the extended areas under Phuentsholing and Sampheling Gewog. *AIN: 14426; Observation: 1.4; Accountabilities: Direct: Deki, Adm. Asstt., EID No. 2009008; Supervisory: Sherub Tenzin, SSE, EID No. 200901218.*

**Status:** *Observation not settled. The PAC consultative meeting held at Samtse from 30/09/19–02/10/19 asked the Thromde to make an announcement in the media on outstanding land taxes and if people do not turn up after that, then Thromde should coordinate with NLC and explore next course of action. However, the Thromde reported no progress as of 30 Sept. 2020.*

## 2. Violation of Laws & Rules

There was a case of violation of laws & rules as summarised below:

### 2.1. DAMAGED ROAD AT NATIONAL PENSION & PROVIDENT FUND (NPPF) COLONY

There were damages on major portion of the road along NPPF Housing Colony, Phuentsholing causing inconveniences to commuters. The assessed value of such damages worked out to Nu.0.777 million. The Phuentsholing Thromde is yet to furnish evidence of repair and maintenance of the damaged road. *AIN: 14427; Observation: 2.1; Accountabilities: Direct: Sonam Lhaden, Engineer, EID No. 9607013; Supervisory: D.C. Dhimal, Principal Engineer, EID No. 9502006.*

**Status:** *The observation was settled as the road was being rectified as per the letter No. PT/Accts-14/2019-2020/02186 dated 14.02.2020.*

## 3. Shortfalls, lapses & deficiencies

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

### 3.1. DIFFERENCES IN BANK STATEMENT AND CD ACCOUNT CASH BOOK

Current Deposit Account of Phuentsholing Thromde had excess deposit of Nu.4.372 million during the fiscal year 2015-16. The revenue collection/deposit as per the cash book was Nu.63.408 million whereas the total deposit as per bank statement was Nu.67.780 million with the excess deposit of Nu.4.372 million. Such huge difference was apparently due to failure of the dealing officials to reconcile the collections and deposits of the revenue; and also due to failure of the Supervising Officer to exercise necessary checks to ensure periodic reconciliation of the balance. *AIN: 14426; Observation: 1.3; Accountabilities: Direct: Kuenzang Nidup, Accounts Assistant, EID No. 9502006; Supervisory: R. B. Ghalley, Accounts Officer, EID No. 8801083.*

**Status:** *Observation not settled. As per the PAC Meeting held on 02/10/2019 the Thromde was asked to submit the latest status to audit within two week from the date of hearing. However, Thromde had not submitted the status as of 30 Sept. 2020.*

### 1.1.3.10. NATIONAL LAND COMMISSION SECRETARIAT

Out of the total unsettled irregularities of Nu.2.583 million reported to the Parliament in November 2019, National Land Commission Secretariat had settled irregularities of Nu.1.770 million leaving a balance of Nu.0.813 million as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
1	Violation of laws and rules	2.583	1.770	0.813	68.52
	<b>Total</b>	<b>2.583</b>	<b>1.770</b>	<b>0.813</b>	

The detailed status of irregularities reported to the Parliament in November 2019; irregularities settled thereafter and status as on 30 Sept. 2020 are as discussed below:

#### 1. Violation of Laws & Rules 0.813 million

There were cases of violations of laws and rules involving Nu.2.583 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in November 2019 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30 Sept. 2020 (Nu. in million)
1.1	Wrong selection of procurement process	-	-	Settled
1.2	Improper evaluation of technical bids by the committee and acceptance of equipment not as per specification	0.813	-	0.813
1.3	Procurement of additional heavy duty machine without quotation	1.770	1.770	-
	<b>Total</b>	<b>2.583</b>	<b>1.770</b>	<b>0.813</b>

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

#### 1.1. WRONG SELECTION OF PROCUREMENT PROCESS

The NLCS had adopted a two-stage procurement process mentioned in Clause 4.3.1.1(c) of PRR 2009, for the procurement of heavy-duty compact machine. The two-stage procurement process is used when the procuring agency is unable to set precise specifications in advance and requires input from experienced bidders in order to finalize and set specifications for best and most appropriate outcome.

However, it was found that the management had obtained all the required specifications at the time of inviting the tender and hence, the process adopted was deemed incorrect/unnecessary, as the situation did not arise. *AIN: 14742; Observation: 1.1; Accountabilities: Direct: Biswanath Pradhan, CSE, EID No. 9011078; Supervisory: Biswanath Pradhan, CSE, EID No. 9011078.*

**Status:** *The observation was settled as administration action was taken against the accountable persons vide letter No. NLCS/ADM/2019-2020/000337 dated 10.1.2020 and office order NLCS/HRD/07/2019-20/011909 dt.23.12.2019.*

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## 1.2. IMPROPER EVALUATION OF TECHNICAL BIDS BY THE COMMITTEE AND ACCEPTANCE OF EQUIPMENT NOT AS PER SPECIFICATION - Nu.0.813 MILLION

The Technical Evaluation Committee of NLCS had improperly evaluated the technical bids and accepted equipment that was not as per specification, resulting in an avoidable financial implication of Nu.0.813 million in the procurement of heavy duty compact machine. The winning bid amount was Nu.1.770 million and the rejected bid amount was Nu.0.957 million.

During the technical evaluation, the committee rejected M/s Office Automation's bid for MPW 3601 as it was erroneously specified as "MPW 3061". However, the brochure submitted by the supplier clearly suggested that the bid was for MPW 3601; and hence warranted clarifications from the bidder instead of rejecting the bid. After the evaluation, M/s Nana Enterprise, the winning bidder supplied model MPW 2401 (the model based on which M/s Office Automation was rated low) instead of the specified MPW 3601.

Improper evaluation of bids and acceptance of item other than specified were suggestive of the dealing officials extending undue favor to the supplier and existence of possible collusive practices. *AIN: 14742; Observation: 1.2; Accountabilities: Direct: Sonam Dendup, DCSE, EID No. 8805058; Ugyen Dorji, SSE, EID No. 201001114; KB Tamang, Specialist, EID No. 8709025; Tshering Penjor, DCSE, EID No. 200701007; Biswanath Pradhan, CSE, EID No. 9011078; Supervisory: Biswanath Pradhan, CSE, EID No. 9011078.*

**Status:** *Observation partially settled. As per the letter No.NLCS/ADM/2019-2020/000337 dated 10/01/2020 appropriate administrative action has been taken against Tandin Wangyel (EID.7803025) and Biswanath Pradhan (EID.9011078). Whereas accountability against Sonam Dhendup (EID.8805058) and Ugyen Dorji (EID.201001114) were cleared off as they were found not accountable. However, accountability against K.B.Tamang (EID.8709025) remained unresolved.*

*As per the letter No.ACC/DoPSFDD/FE-02/2020/1799 dated 04/05/2020 the matter has been referred to RCSC for appropriate administrative action against K.B.Tamang, Specialist-III and no updates had been received as of 30 Sept. 2020.*

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## 1.3. PROCUREMENT OF ADDITIONAL HEAVY DUTY MACHINE WITHOUT QUOTATION

The NLCS had procured an additional printer from M/s Nana Enterprise at Nu.1.770 million without quotation. The NLCS had not carried out needs assessment for the additional printer, the earlier tender document showed requirement for only one printer. Further, the supplier had provided a completely different machine of model MP CW 2200 instead of the required MPW 3601.

The procurement anomaly were indicative of possible collusion between the supplier and the dealing official. *AIN: 14742; Observation: 1.3; Accountabilities: Direct: Biswanath Pradhan, CSE, EID No. 9011078; Supervisory: Biswanath Pradhan, CSE, EID No. 9011078.*

**Status:** *The observation was settled as the differential amount of Nu.0.776 was deposited vide receipt No.429324 dt.16.10.2019 and administration action taken against the accountable officials vide letter No. NLCS/ADM/2019-2020/000337 dated 10.1.2020 and office order No. NLCS/HRD/07/2019-20/011909 dated 23.12.2019.*

### 1.1.3.11. ROYAL UNIVERSITY OF BHUTAN

Out of the total unsettled irregularity of Nu.0.311 million reported to the Parliament in November 2019, Royal University of Bhutan had not settled the irregularity as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
1	Mismanagement	0.311	-	0.311	
	<b>Total</b>	<b>0.311</b>	<b>-</b>	<b>0.311</b>	

The detailed status of irregularity reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 is as discussed below:

#### 1. Mismanagement - Nu.0.311 million

There was a case of mismanagement involving Nu.0.311 million as summarised below:

##### 1.1. SHORT-DEDUCTIONS OF HOUSE RENT FROM GCBS STAFF - Nu.0.311MILLION

The Gaeddu College of Business Studies (GCBS), Gedu had short-deduction/non-deduction of house rent amounting to Nu.0.532 million from various college faculty. *AIN: 14793; Observation: 5; Accountabilities: Direct: Bal Bahadur Rasaily, Administrative Officer, EID No. RUB1108020; PhurpaDorji, Estate Manager, CID No. 11604002070; Supervisory: Dr. Sonam Choiden, President, EID No.9511010.*

**Status:** *Observation not settled. Based on the decision of PAC consultative meeting held at Samtse from 30/09/19-02/11/19, the issue was discussed during the 6th Follow-up Committee meeting and decided that the short deduction of house rent amounting to Nu.0.311 should be pursued for recovery along with 24% pa penalty.*

### 1.1.4. CORPORATIONS

#### 1.1.4.1. DRUK GREEN POWER CORPORATION

Out of the total unsettled irregularity of Nu.97.020 million reported to the Parliament in November 2019, Druk Green Power Corporation had settled the irregularity as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
1	Mismanagement	97.020	97.02	-	100
	<b>Total</b>	<b>97.020</b>	<b>97.02</b>	<b>-</b>	

The detailed status of irregularity reported to the Parliament in November 2019 which was settled as on 30 Sept. 2020 is as discussed below:



## 1. Mismanagement

There was a case of mismanagement involving Nu.97.020 million as summarised below:

### 1.1. DELAY IN AWARD OF CIVIL AND HYDRO-MECHANICAL WORK WITH POSSIBLE LD LIABILITY - NU.97.020 MILLION

The Tangsibji Hydro Energy Limited (THyEL) had delay upto 294 days in awarding the contract works under Main Package (MP1) - Civil and Hydro-Mechanical Works which is likely to delay the project completion. This will inevitably have financial implications particularly the revenue loss and cost escalations. Besides, the company may need to bear liquidated damages of Nu.97.020 million for failure to supply power to PTC India Limited as per the power purchase agreement signed with the company. *AIN: 14967; Observation: 2.1; Accountabilities: Direct: Karma Chhophel, Managing Director, CID No. 11512002204; Sujan Rai, Dy. Managing Director, CID No.11103001338; Supervisory: Phuntsho Wangdi, Chairman, CID No. 11505004908; Chhewang Rinzin, Director, CID No. 11512004457; Karma Y Raydi, Director, CID No. 11604000615; Ugyen Namgyal, Director, CID No. 10703000567; Lhaden Lotay, Director, CID No. 10808000307.*

**Status:** *The observation was settled as per letter No.THyE/MD/Finance/2020/70 dated 20/05/2020 since the agency had obtained approval from PTC as per letter No.C/PTC/M&TFG/THye dated 18/05/2020.*

### 1.1.5.4 ARMY WELFARE PROJECT LIMITED

Out of the total unsettled irregularity of Nu.0.488 million reported to the Parliament in November 2019, Army Welfare Project Limited had not settled the irregularity as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
2	Shortfalls, lapses and deficiencies	0.488	-	0.488	-
	<b>Total</b>	<b>0.488</b>	<b>-</b>	<b>0.488</b>	

The detailed status of irregularity reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 is as discussed below:

## 2. Shortfalls, lapses and deficiencies – Nu.0.488million

There was a case of shortfalls, lapses and deficiencies involving Nu.0.488 million as summarised below:

### 2.2. STOCK BALANCE OF ‘1907 WHISKY’ PACKAGING MATERIALS EVEN AFTER DISCONTINUATION OF PRODUCTION - NU.0.488 MILLION

The scrutiny of AWPL’s closing stock of packaging materials as on 31.12.2015 revealed stock balance of empty bottles, mono carton and cap seals pertaining to ‘1907 Whisky’ which is currently not in production. The financial implication of the balance stock of

packaging materials of '1907 Whisky' amounted to Nu.0.488 million. *AIN: 14671; Observation: 5; Accountabilities: Direct: Tshering Penjor, CID No. 11512002770; Supervisory: Sangay Phuntsho, CID No. 1070900818.*

**Status:** *Observation not settled. Follow up report issued on 5/12/2017.*

#### 1.1.4.2. DUNGSAW CEMENT CORPORATION LIMITED

Out of the total unsettled irregularity of Nu.0.506 million reported to the Parliament in November 2019, Dungsam Cement Corporation Limited had not settled the same as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/09/2020	% Settled
1	Shortfalls, lapses and deficiencies	0.506	-	0.506	-
	<b>Total</b>	<b>0.506</b>	<b>-</b>	<b>0.506</b>	

The detailed status of irregularity reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 is as discussed below:

#### 1. Shortfalls, lapses and deficiencies – Nu.0.506 million

There was a case of shortfalls, lapses and deficiencies as indicated below:

##### 1.1. SHORTAGE OF CEMENT DURING HANDING-TAKING - NU.0.506 MILLION

The DCCL had shortage of Portland Pozzolana Cement worth Nu.0.506 million during handing-taking between the two handling agents at Gelephu Depot. Quantity of cement as per books was 99.35 metric ton (MT) whereas only 45.10 MT was physically available, with resultant shortage of 84.25 MT. *AIN: 14736; Observation: 8; Accountabilities: Direct: Weseyel Lhundup, Head S&MD, EID No. 9907166; Supervisory: Alok Singh, VP EID No. 9922309.*

**Status:** *Observation not settled. As per the review report of RAA/OAAG-SJ/AR-14/DCCL-Nganglam/2018/806 dated 12/03/2018, RAA suggested the management to discuss the matter and try to get the amount refunded by the party and intimate RAA. However, no progress had been reported as of 30 Sept. 2020.*

#### 1.1.5. NON-GOVERNMENTAL ORGANISATION

##### 1.1.5.1. BHUTAN FILM ASSOCIATION

Out of the total unsettled irregularities of Nu.18.035 million reported to the Parliament in November 2019, Bhutan Film Association had not settled any irregularities as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/11/2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30/11/2019	% Settled
1	Mismanagement	17.912	-	17.912	-
2	Shortfalls, lapses and deficiencies	0.122	-	0.122	
	<b>Total</b>	<b>18.034</b>	<b>-</b>	<b>18.034</b>	<b>-</b>

The detailed status of irregularities reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 are as discussed below:

### 1. Mismanagement - Nu.17.912 million

There were cases of mismanagement involving Nu.17.912 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in November 2019 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 30 Sept. 2020 (Nu. in million)
1.1	Non-realization of cost of film screening equipment from Bhutan Film Distributor	4.752	-	4.752
1.2	Fixed assets remaining idle	13.160	-	13.160
	<b>Total</b>	<b>17.912</b>	<b>-</b>	<b>17.912</b>

The cases of mismanagement are as indicated below:

#### 1.1. NON-REALIZATION OF COST OF FILM SCREENING EQUIPMENT FROM BHUTAN FILM DISTRIBUTOR - NU.4.752 MILLION

The Bhutan Film Association (BFA) had procured 60 sets of film screening equipment worth Nu.6.899 million funded by KOICA, Government of the Republic of Korea. All the film screening equipment were handed-over to Bhutan Film Distributor (BFD), Thimphu on 28/07/2015 with an agreement similar to hire-purchase system. The two conditions of the agreement, among others, were that - i) BFD must pay monthly installment of Nu.3,300.00 per set for 60 sets for three years after two months from the date of release of the first film; and ii) after completion of final installment, the ownership to the equipment shall be formally handed over to the BFD.

However, even after two years BFA had not received any installment for the hire-purchase agreement nor was there any record indicating the association's effort to realize the installment from the latter. Subsequently, based on the Board's decision to rescind the contract, 40 sets of the equipment were taken back, and the remaining 20 sets were left with BFD under a new contract agreement. The hire charges due amounting to Nu.4.752 million was not realized from BFD till date of audit. *AIN: 14849; Observation: 1; Accountabilities: Direct: Tandin Wangchuk, General Manager, Bhutan Film Distributor, CID No. 11606000048; Supervisory: Yeshe Dorji, Executive Director, CID No. 10712002031.*

**Status:** Observation not settled. Reminders were sent vide letter No. RAA/FUCD (F50)BFA/2019/2002 dated 13/8/2019 & RAA/FUCD(F50)BFA/2020/1588 dated 07/08/2020. However, no response has been received as of 30 Sept. 2020.

## 1.2. FIXED ASSETS WORTH NU.13.160 MILLION REMAINING IDLE

The BFA had large quantities of fixed assets worth Nu.13.160 million lying idle. Immediate management action either for its effective utilization and proper storage or for its disposal was deemed necessary. *AIN: 14849; Observation: 2; Accountabilities: Direct: Yeshe Dorji, Executive Director, CID No. 10712002031; Tuka Gurung, Finance/Admin. Officer, CID No. 1201001452; Yeshey Dorji, IT Officer, CID No. 10204000137; Supervisory: Tobgyel, President, CID No. 11410002207; Kesang Jigmi, CID No. 11101001183; Tshering Phuntsho, CID No. 10202000660; Pema Tshering, CID No.11705001918; Yeshey Tshering, CID No. 10801100069; Kinley Dorji, CID No. 10811000784; Tshechu Dorji Wong, CID No. 11410003623; Tshering Dorji, CID No. 11410008578.*

**Status:** *Observation not settled. Reminders were sent vide letter No. RAA/FUCD (F50)BFA/2019/2002 dated 13/8/2019 & RAA/FUCD(F50)BFA/2020/1588 dated 07/08/2020. However, no response has been received as of 30 Sept. 2020.*

## 2. Shortfalls, lapses & deficiencies - Nu.0.122 million

There was a case of shortfalls, lapses and deficiencies involving Nu.0.122 million as indicated below:

### 2.1. SHORTAGE/MISSING OF ASSETS WORTH NU.0.122 MILLION

The BFA had shortage/missing assets such as LCD monitor, light stand, plastic chairs, etc. worth Nu.0.122 million noted during the joint physical verification of assets and equipment. The management was required to trace whereabouts of the assets or recover the cost from the person responsible according to Chapter V of the Property Management Manual 2016. *AIN: 14849; Observation: 1 & 3. Accountabilities: Direct: Yeshey Dorji, IT Officer, CID No. 102044000137; Supervisory: Yeshey Dorji, IT Officer, CID No. 102044000137*

**Status:** *Observation not settled. Reminders were sent vide letter No. RAA/FUCD (F50)BFA/2019/2002 dated 13/8/2019 & RAA/FUCD(F50)BFA/2020/1588 dated 07/08/2020. However, no response has been received as of 30 Sept. 2020.*

## 1.4 AUDIT REPORT ON JOINT AUDITS OF HYDROPOWER PROJECT

### PUNATSANGCHHU-I HYDROELECTRIC PROJECT AUTHORITY

One unsettled irregularity was reported to the Parliament in November 2019 from Punatsangchhu-I Hydroelectric Project Authority. It remained unsettled as on 30 Sept. 2020 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament in November 2019 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 30 Sept. 2020	% Settled
1	Violation of laws and rules	-	-	-	-
	Total	-	-	-	-

The detailed status of irregularity reported to the Parliament in November 2019 which remained unsettled as on 30 Sept. 2020 is as discussed below:

## 1. Violations of laws and rules

There was a case of violations of laws and rules as summarized below:

### 1.1. UNJUSTIFIED TIME EXTENSION FOR THE COMPLETION OF MILESTONES IN MC-3 PACKAGE

PHPA-I had granted unjustified time extension for MC-3 package comprising four milestones. There was an overall delay of 1065 days (2 years and 9 months approximately) in the completion of the MC-3 package due to deferment of Milestone-3 by 740 days caused by delays in Milestones-1 & 2 and deferment of Milestone-4 by 364 days.

The approval of deferment of 364 days included 227 days for handing-taking of work front with electromechanical works was not justifiable. This deferred period may still extend beyond the above completion date as the works in the Milestone-4 were still ongoing as on date of audit in May 2017. *AIN: 14798; Observation: A1.1; Accountabilities: Direct: R.N Khazanchi, MD, WPN: 1919070021000356; Dasho Phuntso Norbu, Ex. JMD, CID No. 11510004119; V.K Choubey, Ex. D(F), WPN: 1739588; Y.K Sharma, D(T), WPN: 1928149; Supervisory: R.N Khazanchi, MD, WPN: 1919070021000356; Dasho Phuntso Norbu, Ex. JMD, CID No. 11510004119; V.K Choubey, Ex. D(F), WPN: 1739588; Y.K Sharma, D(T), WPN: 1928149.*

**Status:** *Observation not settled. The case was reviewed in the bilateral meeting held on 14/10/2019, however, the issue remained unresolved.*

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