



ANNUAL AUDIT REPORT 2020

(IN FULFILLING THE CONSTITUTIONAL RESPONSIBILITY)

ROYAL AUDIT AUTHORITY

VISION

“A credible Supreme Audit Institution that promotes value for money and good governance in public operations and contributes towards achieving the societal aspirations of Gross National Happiness.”

MISSION

“RAA is an independent constitutional body which contributes to accountability, transparency and effective service delivery. In the service of Tsa-Wa-Sum (the King, Country and People), we audit without fear, favour or prejudice and provide timely, reliable and quality audit services to assist effective decision making in the public sector.”

CORE VALUES

Integrity, Accountability, Transparency, Professionalism, Team Work.



AUDITOR GENERAL'S PERSPECTIVE



In line with the Audit Act of Bhutan 2018 and as required under Article 25.5 of the Constitution of the Kingdom of Bhutan, the Royal Audit Authority (RAA) is pleased to release its Annual Audit Report (AAR) 2020. The AAR 2020 is a consolidated summary of significant unresolved audit findings of the RAA compiled from 507 audit reports, including summaries from two performance audits and one joint audit on hydropower projects issued during the year.

The RAA audited and certified the Annual Financial Statements (AFS) of the Royal Government of Bhutan for the year ended 30th June 2020, in accordance with the International Standards of Supreme Audit Institutions (ISSAIs). For the year (2019-2020), the actual expenditure of the government was Nu.57,572.283 million, comprising of Nu.35,525.354 million on current expenditure, Nu.22,046.930 million on capital expenditures. Nu.1,934.121 million was spent on lendings and repayments. In comparison, the total expenditure of year 2018-19 was Nu.44,054.133 million with Nu.27,768.663 million for current and Nu.16,285.470 for capital expenditures. Nu.2,539.667 million was spent on lendings and repayments.

From 510 audits carried out during the year, the RAA issued 507 audit reports comprising of 455 financial audit reports, 49 compliance audit reports, two performance audit reports and the joint-audit report of Mangdechu Hydroelectric Project Authority (MHPA).

Considering the second national lockdown brought about by COVID-19, all concerned agencies were provided with a period of four months (till 31st March 2021) for taking necessary actions, as opposed to the earlier 1 month granted during normal times.

During the year 2020, the RAA reported irregularities involving Nu. 4,309.027 million of which, audit findings involving Nu.2,257.794 million representing 52.40% were either resolved and/or were not found material for inclusion in the AAR 2020 based on the actions taken and responses received from various agencies. In the process, the RAA recovered Nu.143.162 million from the various agencies excluding Nu. 2.380 million pertaining to the audit recoveries from Corporations and Financial Institutions which are credited into the Audit Recoveries Accounts (ARA) maintained with the respective offices.

Therefore, the total unresolved significant irregularities reflected in the AAR 2020 amounted to Nu. 2,051.233 million, representing an increase of 44.95% compared to the irregularities of 2019 amounting to Nu.1,415.153 million. The increasing trend in irregularities could be indicative of the laxity on the part of management of the government agencies, corporations and NGOs in undertaking corrective actions, injudicious use of government resources and lack of due diligence.

The joint-audit of MHPA was conducted by the RAA and the Office of the Comptroller and Auditor General (C&AG), India as per the project agreement signed between the two governments. The audit revealed irregularities amounting to Nu. 85.989 million of

which observations amounting to Nu. 79.61 million were either resolved as of 31st January 2021 or did not qualify for inclusion in the AAR 2020.

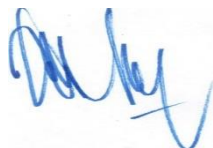
The two Performance Audits were on 'Implementation and Management of Broadband Fiber Network' and "Ex-country Travels". These reviews on mandates, management and operations were conducted with the overall objective of assessing economy, efficiency and effectiveness in the delivery of public services and management of resources. Wherever appropriate, recommendations including policy interventions at appropriate levels were also provided in the report.

The chapter on the performance report of the RAA highlights critical milestones and achievements during the year. The audit report of accounts and operations of RAA for the year ended 30 June 2020 is annexed with the report. It is submitted as part of ensuring accountability of the RAA for the resources used for delivering audit mandates and strengthening its organizational systems and human resources. The audit was conducted by independent external auditor appointed by the Parliament.

Considering the importance of the timely submission of Annual Audit Report and thereby enhancing the relevancy of the report, henceforth the RAA will be submitting AAR in the winter session of the Parliament (6 months earlier). Certain changes in the format and design of the report will also be carried out to make it more user friendly.

I would like to acknowledge the support and cooperation rendered by our audited agencies for providing prompt responses which facilitated timely completion of this report. As always, the role of Parliament, in particular the Public Accounts Committee, has been critical in following up on the Annual Audit Reports. We would like to sincerely acknowledge their unwavering support and cooperation in resolving numerous pending audit issues.

The year 2020 has been a year like no other and the pandemic is still far from over. However, we Bhutanese are truly blessed to be born under the able leadership of His Majesty The King. The RAA family would like to express our deepest sense of gratitude to His Majesty The King for the unprecedented efforts in leading and managing the COVID-19 response. It is also in the light of such care and protection from His Majesty The King, that RAA was able to carry out almost all planned audits for the year. We solemnly pledge to continue committing ourselves to audit without fear, favour or prejudice.



(Tashi)

Auditor General of Bhutan

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CHAPTER 1

1. CERTIFICATION OF ANNUAL FINANCIAL STATEMENTS

The Annual Financial Statements (AFS) of the Royal Government of Bhutan for the Fiscal Year 2019-20 was audited by the RAA as required under the Audit Act of Bhutan 2018 and the Public Finance Act of Bhutan 2007 (Amendment 2012). The Audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs).

The RAA had carried out the certification of the individual Letter of Credit (LC) accounts of the budgetary agencies in line with the Audit Act of Bhutan 2018. The budgetary agencies included those that were accorded priority based on its categorization and included in the Annual Audit Schedules 2019-2020. The recommendations and observations made at the agency level were considered depending upon the materiality while certifying the consolidated Receipts and Payments Statement.

The revised appropriated budget for the fiscal year 2019-2020 was Nu. 70,960.094 million comprising of Nu. 37,309.122 million for current expenditure, Nu. 31,510.374 for capital expenditure and Nu. 2,140.598 million was for lending and repayment. Actual annual expenditures were Nu. 35,525.354 million and Nu. 22,046.930 million for current and capital expenditures respectively. Nu. 1,934.121 million was spent for lending and repayment totaling to Nu. 59,506.404 million.

The highest budget allocation was made to the Ministry of Finance at Nu.15,706.288 million followed by Ministry of Works and Human Settlement and Ministry of Agriculture with an outlay of Nu.4,795.393 million and Nu. 4,272.415 million respectively. The major area of current expenditure was Pay and Allowances with 25.19% of the total current expenditure followed by current grants at 7.48%. For capital expenditure, expenditure on structures-Buildings made maximum expenditure at 8.10% followed closely by expenditure on structures – Roads at 7.26% which also includes construction of roadside culverts and drains.

There was underutilization of capital budget by 30.03% as only Nu. 22,046.920 million was utilized from a total revised budget allocation of Nu. 31,510.374 million. The underutilization resulted due to impact by the COVID-19 pandemic in mobilizing resources, inadequate implementation readiness and capacities of respective agencies, change in design and drawings of the activities, lack of responsive bidders and delay in getting clearances.

The international assistance in the form of grants received for the financial year 2019-20 amounted to Nu. 16,425.749 million of which Nu.15,387.554 million was assistance in cash and Nu.1,038.425 million was provided in kind. International assistance in the form of loans for the financial year 2019-20 amounted to Nu. 5,303.270 million of which Nu. 5,076.336 million was provided in cash and Nu.226.933 million was provided in kind. Total international assistance considering both loans and grants amounted to Nu. 21,729.019 million.

The certificate of the Auditor General and the audited Financial Statements are appended herewith.



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ROYAL AUDIT AUTHORITY

Bhutan Integrity House

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



**AUDITOR GENERAL'S REPORT ON THE ANNUAL FINANCIAL STATEMENTS OF
THE ROYAL GOVERNMENT OF BHUTAN FOR THE FINANCIAL YEAR ENDED 30
JUNE 2020**

Opinion

The Royal Audit Authority (RAA) has audited the accompanying Annual Financial Statements of the Royal Government of Bhutan (RGoB) for the financial year ended 30 June 2020 and summary of explanatory information, which comprise:

- i. Consolidated Receipts & Payments Statement and Schedules forming part of it;
- ii. Summary of Original and Revised Budget Estimates and Variations with Actual Outcome;
- iii. Government Consolidated Account Reconciliation Statement;
- iv. Statement of Outstanding Loans;
- v. Statement of Equity Portfolio of the Government;
- vi. Statement of the Operations of Refundable Deposits Account, Revolving & Trust Funds; and
- vii. Summary Statement of Arrears of Revenue.

The audit was conducted by the RAA as required under the Audit Act of Bhutan 2018, the Public Finance Act of Bhutan 2007 & Public Finance (Amendment) Act 2012, and the Financial Rules and Regulations 2016.

In RAA's opinion, the aforementioned Financial Statements together with Schedules attached thereto, including the Notes to Accounts have been prepared, in all material respects, in accordance with the Financial Rules and Regulations 2016.

Basis of Opinion

The RAA conducted its audit in accordance with International Standards of Supreme Audit Institutions (ISSAIs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Ministry of Finance, in accordance with RAA's Oath of Good Conduct, Ethics and Secrecy of Auditors, and we have fulfilled our responsibilities in accordance with the requirements outlined in this Code. We believe that the audit evidences we have obtained are sufficient and appropriate to provide a basis for our opinion.

Other Matter

As per the information made available by the DPA, there are 733 Letter of Credit (LC) Accounts and Project Letter of Credit (PLC) Accounts during the period under review. Of the total, the RAA had audited for 45% of the total accounts (264 LC Accounts and 64 PLC Accounts) as on 24/03/2021 for the Financial Year ended 30 June 2020. For the remaining Accounts, the RAA had verified the year-end accounts generated from the ePEMS and relied on the controls instituted by the DPA.

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

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Website: www.bhutanaudit.gov.bt | Email: info@bhutanaudit.gov.bt and auditorgeneral@bhutanaudit.gov.bt

Responsibility of the Ministry of Finance for the Financial Statements

The Ministry of Finance (MoF) is responsible for preparation of these financial statements in accordance with the Financial Rules & Regulations 2016 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the Government's financial reporting process.

RAA's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Annual Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standard on Supreme Audit Institutions (ISSAIs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individual or in aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these consolidated financial statements.

As part of audit in accordance with ISSAIs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the DPA's internal control.

We communicate with the management, among others, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

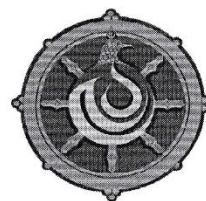


(Tashi)
Auditor General of Bhutan

Dated: 26/03/2021



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དངུལ་ཁྱིམ་ལྷན་ཁག།
DEPARTMENT OF PUBLIC ACCOUNTS
MINISTRY OF FINANCE



26th March 2021

STATEMENT OF RESPONSIBILITY

The Annual Financial Statement (AFS) of the Royal Government of Bhutan (RGoB) for the Fiscal Year 2019-20 have been prepared by the Department of Public Accounts (DPA), Ministry of Finance (MoF) in accordance with the provisions of the Public Finance Act of Bhutan, 2007, Public Finance (Amendment) Act, 2012 and the Financial Rules and Regulations 2016.

The financial statements are prepared based on the monthly accounts of the budgetary bodies recorded in the *electronic* Public Expenditure Management System (ePEMS) and information received from other relevant agencies and organizations. The AFS presents the financial position of the RGoB as at 30th June, 2020.

We accept the responsibility for the reliability and completeness of the financial statements.

(Namgay Tshering)
Finance Minister
Ministry of Finance

(Tshering Dorji)
Director
Department of Public Accounts

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29/3/2021

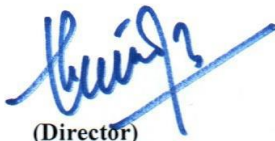
**CONSOLIDATED RECEIPTS AND PAYMENTS STATEMENT
FOR THE YEAR ENDED 30 JUNE 2020**

(Nu. in million)

Receipts	2019-20	2018-19	Payments	2019-20	2018-19
Opening Balance	(377.160)	(39.776)	Expenditure	57,572.284	44,054.133
i) Cash	84.403	72.992	i) Current	35,525.354	27,768.663
ii) Bank	(461.563)	(112.768)	ii) Capital	22,046.930	16,285.470
Internal Revenue	36,218.876	34,707.670	Repayment of Loans	1,787.586	2,342.084
i) Tax Revenue	22,792.988	27,171.147	i) Internal	11.403	10.614
ii) Non Tax Revenue	13,425.887	7,536.523	ii) External	1,776.183	2,331.470
External Grants	16,425.750	10,516.481	Lendings	146.535	197.593
i) Cash	15,387.554	10,324.292	i) To individuals		
o/w Program Grant (GoI)	2,550.000	850.000	ii) To Corporations	146.535	197.593
ii) Kind	1,038.195	192.189			
Borrowings	5,303.270	3,432.572	Other payments	11,374.170	12,397.272
i) External	5,303.270	3,432.572			
o/w Program Borrowing	4,392.300	2,080.391	Increase in Advances/Suspense	13,371.578	12,871.466
ii) Internal	0.000	-			
Recovery of Loans	875.785	1,516.061	Closing Balance	482.400	(374.252)
Other Receipts	13,333.412	9,206.417	i) Cash	217.956	87.311
Decrease in advances/Suspense	12,954.620	12,148.871	ii) Bank	264.445	(461.563)
TOTAL RECEIPTS	84,734.552	71,488.295	TOTAL PAYMENTS	84,734.552	71,488.295

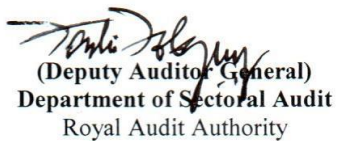
Note: To smoothen cash flow fluctuation and finance resource gap, series of T-Bills with maturities ranging from 30 to 180 days were issued and redeemed. T-Bills outstanding at the close of the FY is Nu.1,594.840 million which is carried forward as domestic debt stock.

The external borrowing includes the amount transferred from the FC account to the BFA only and it does not include the balance in the FC account amounting to Nu. 257.383 million received from the creditors.


(Director)

Department of Public Accounts
Ministry of Finance

Director
Department of Public Accounts
Ministry of Finance
Thimphu : Bhutan


(Deputy Auditor General)
Department of Sectoral Audit
Royal Audit Authority

Dy. Auditor General
Dept. of Sectoral Audit
Royal Audit Authority
Thimphu

SUMMARY OF VARIANCE BETWEEN BUDGET ESTIMATES AND ACTUAL OUTCOMES FOR FY 2019-20

Particulars	Nu. in million			% Variance		
	Original Budget	Revised Budget	Actual Outcomes	Original Vs Revised	Revised Vs Actual	Original Vs Actual
TOTAL RESOURCES	54,619.197	56,781.837	54,603.868	3.96%	-3.84%	-0.03%
DOMESTIC REVENUE	43,299.071	38,495.848	36,218.876	-11.09%	-5.91%	-16.35%
Tax	26,776.847	24,951.453	22,792.988	-6.82%	-8.65%	-14.88%
Non-Tax	16,522.224	13,544.395	13,425.887	-18.02%	-0.87%	-18.74%
OTHER RECEIPTS	428.816	2,634.050	1,959.242	514.26%	-25.62%	0.00%
GRANTS	10,891.310	15,651.939	16,425.750	43.71%	4.94%	50.82%
Programme grants	1,700.000	2,419.097	2,550.000	42.30%	5.41%	50.00%
Gol	1,700.000	2,419.097	2,550.000	42.30%	5.41%	50.00%
Others	-	-	-	0.00%	0.00%	0.00%
Project-tied grants	9,191.310	13,232.842	13,875.750	43.97%	4.86%	50.97%
Gol	5,296.471	6,559.486	8,893.955	23.85%	35.59%	67.92%
Others	3,894.839	6,673.356	4,981.795	71.34%	-25.35%	27.91%
TOTAL EXPENDITURE	61,197.307	67,534.352	57,572.283	10.36%	-14.75%	-5.92%
Current	34,652.765	37,129.019	35,525.353	7.15%	-4.32%	2.52%
Capital	26,544.542	30,405.333	22,046.930	14.54%	-27.49%	-16.94%
Advance/Suspense (Net)	-	-	416.959	-	-	-
OVERALL BALANCE	(6,578.110)	(10,752.515)	(3,385.374)	63.46%	-68.52%	-100.02%
FINANCING	6,578.110	10,752.515	3,385.374	63.46%	-68.52%	-99.98%
Net Lending	2,094.775	1,245.768	729.250	-40.53%	-41.46%	-65.19%
<i>i. Principal recoveries</i>	<i>2,417.860</i>	<i>1,568.853</i>	<i>875.785</i>	<i>-35.11%</i>	<i>-44.18%</i>	<i>-63.78%</i>
<i>Less: Lending</i>	<i>323.085</i>	<i>323.085</i>	<i>146.535</i>	<i>0.00%</i>	<i>-54.65%</i>	<i>-54.65%</i>
Net External Borrowings	1,474.528	3,304.551	3,527.087	124.11%	6.73%	139.20%
Borrowings	4,769.457	5,110.660	5,303.270	7.15%	3.77%	11.19%
<i>a) Project-tied</i>	<i>1,249.957</i>	<i>1,591.160</i>	<i>910.970</i>	<i>27.30%</i>	<i>-42.75%</i>	<i>-27.12%</i>
<i>b) Program</i>	<i>3,519.500</i>	<i>3,519.500</i>	<i>4,392.300</i>	<i>0.00%</i>	<i>24.80%</i>	<i>24.80%</i>
<i>Less: Repayments</i>	<i>3,294.929</i>	<i>1,806.109</i>	<i>1,776.183</i>	<i>-45.19%</i>	<i>-1.66%</i>	<i>-46.09%</i>
Net Internal borrowings	3,008.807	6,202.196	(870.963)	106.13%	-114.04%	-128.95%
Surplus/Deficit						
<i>i. Internal borrowings</i>	<i>3,020.211</i>	<i>6,213.600</i>	<i>(859.560)</i>	<i>105.73%</i>	<i>-113.83%</i>	<i>-128.46%</i>
<i>Less: Repayments</i>	<i>11.404</i>	<i>11.404</i>	<i>11.403</i>	<i>0.00%</i>	<i>-0.01%</i>	<i>-0.01%</i>



(Director)

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RECONCILIATION OF GOVERNMENT CONSOLIDATED FUND ACCOUNT FOR THE FISCAL YEAR 2019-20		
Sl. No.	Particulars	Nu. in million
1	Opening balance as on July 1, 2019 (BoBL)	(461.472)
2	Receipts during the year	107,561.350
	Budget Fund Account (DPA)	67,479.661
	Government Revenue Account (BoBL)	37,058.258
	Non-Revenue Account (BoBL)	3,023.431
3	Payment during the year	(106,835.433)
	Budget Fund Account (DPA)	41,955.048
	LC Withdrawals (BoBL)	64,041.002
	Government Revenue Account Refunds (BoBL)	839.382
4	Closing Balance as on 30 June 2020 (DPA)	264.445
5	RECONCILIATION:	
	Closing Balance as on 30 June 2020 (BoBL)	264.445
	Add: Fund-in-Transit (Cr.) as on 30/06/2020: BoBL	-
	Less: Fund-in-Transit (Dr.) as on 30/06/2020: BoBL	-
6	Closing Balance as on 30 June 2020 (BoBL)	264.445
	Add:	
	a) Credits (Deposits) as per DPA but not in BoBL	-
	b) Debits (Payments) as per BoBL but not in DPA	-
	Less:	
	a) Credit (Deposits) as per BoBL but not in DPA	-
	b) Debits (Payments) as per DPA but not in BoBL	-
7	Closing Bank Balance as on 30 June 2020 (DPA)	264.445

Source: DRC, BoBL & DPA



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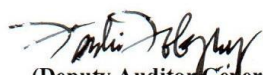
STATEMENT OF REVENUE COLLECTION FOR THE FISCAL YEAR 2019-20

Sl. No.	Source of Revenue	GROSS	REFUND	NET
	Revenue	37,058.258	839.382	36,218.876
A	Taxes	23,308.732	515.744	22,792.988
1	Taxes on Income, Profits and Capital Gains	11,317.161	375.873	10,941.288
1.1	Corporate Income Tax	7,700.373	188.693	7,511.681
1.2	Business Income Tax	1,165.674	26.769	1,138.905
1.3	Personal Income Tax	2,451.113	160.411	2,290.702
2	Taxes on Property	27.239	0.000	27.239
2.1	Recurrent Taxes on immovable property (Dzongkhag Municipality)	4.930	0.000	4.930
2.2	Taxes on Capital Transactions	22.309	0.000	22.309
3	Taxes on Goods and Services	7,031.494	114.668	6,916.825
3.1	Sales Tax	5,024.149	78.267	4,945.881
3.2	Excise	833.579	30.590	802.989
3.3	Green Tax	818.215	5.761	812.455
3.4	Taxes on permission to use goods or perform activities	355.551	0.051	355.500
4	Taxes on International Trade and Transactions	492.960	24.964	467.997
4.1	Customs and Other Import Duties	492.960	24.964	467.997
5	Other Taxes	4,439.879	0.239	4,439.639
5.1	Passenger Service Charge	112.118	0.000	112.118
5.2	Duties	19.588	0.000	19.588
5.3	Royalty	4,308.173	0.239	4,307.934
B	Other Revenue	12,333.808	319.712	12,014.096
1	Property Income	12,046.187	0.000	12,046.187
1.1	Interest receipt from corporations	887.388	0.000	887.388
1.2	Dividend	4,605.708	0.000	4,605.708
1.3	Withdrawals from income of quasi-corporations	6,515.193	0.000	6,515.193
1.4	Miscellaneous Rent	37.898	0.000	37.898
2	Social Contributions	287.621	319.712	-32.091
2.1	Health Contribution	287.621	319.712	-32.091
C	Current Revenue from Government Agencies	1,334.693	1.350	1,333.344
1	Administrative Fees & Charges	974.411	0.370	974.040
1.1	Economic Services	653.816	0.061	653.756
1.2	Social Services	35.150	0.102	35.048
1.3	General Services	285.444	0.208	285.236
2	Sale of Goods and Commodities	360.283	0.979	359.303
2.1	Economic Services	37.934	0.000	37.934
2.2	General Services	0.783	0.000	0.783
2.3	Miscellaneous Revenue	321.565	0.979	320.586
D	Capital Revenue from Government Agencies	81.024	2.577	78.448
1	Capital Receipts	81.024	2.577	78.448
1.1	Economic Services	81.024	2.577	78.448


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STATEMENT OF ARREARS FOR FY 2019-20

Sl. No.	Source of Revenue	Opening	Collection	Deposit during the year	Balance	Remarks
1	2	3	4	5	6	7
	Revenue	-	37,058.258	37,058.258	-	<i>All the pending deposits are being made.</i>
A	Taxes	-	23,308.732	23,308.732	-	
1	Taxes on Income, Profits and Capital Gains	-	11,317.161	11,317.161	-	
2	Taxes on Property	-	27.239	27.239	-	
3	Taxes on Goods and Services	-	7,031.494	7,031.494	-	
4	Taxes on International Trade and Transactions	-	492.960	492.960	-	
5	Other Taxes	-	4,439.879	4,439.879	-	
B	Other Revenue	-	12,333.808	12,333.808	-	
1	Property Income	-	12,046.187	12,046.187	-	
2	Social Contributions	-	287.621	287.621	-	
C	Current Revenue from Government Agencies	-	1,334.693	1,334.693	-	
1	Administrative Fees & Charges	-	974.411	974.411	-	
2	Sale of Goods and Commodities	-	360.283	360.283	-	
D	Capital Revenue from Government Agencies	-	81.024	81.024	-	
1	Capital Receipts	-	81.024	81.024	-	

1	Short deposit of Nu.28,517/- for FY 2016-17 still not deposited due to mismatch of User ID under Samdrup Jongkhar RRCO	Deposited on 2/7/2019 by DC691983622616 along with fines and penalties on 2/8/2019 by DC691982625047
2	Nu. 4,20,315.623/- collected in the DRC system but not deposited in the bank under Samdrup Jongkhar RRCO	Deposited on 22/7/2019 by DC491983624135 along with fines and penalties on 01/08/2019 by receipt no.RC411983610438
3	An amount Nu. 28,542/- was collected under the revenue head "Fines and Penalties" where the agency has to give reward incentive to the informer. The agency has forgotten to transfer the reward and paid Nu 1025 reward payment.	Deposited on 29/07/2019 by DC421983614601
4	Nu. 500 was collected by Gelephu region, the agency has prepared the deposit challan (DC701880618177) but till now it is not reconciled as the taxpayer is registered at RRCO SJ. About Nu. 24 was not able cancelled from the	Informed to RRCO, Gelephu to followup about Nu. 500. About Nu. 24 informed to DRC IT to cancelled the receipt.



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STATEMENT OF GOVERNMENT CURRENT DEPOSIT (CD) ACCOUNTS FOR THE FY 2019-20

Sl. No.	Operating Agency	Opening Balance	Receipts	Payments
1	Gewog Total	24.701	15.325	12.389
2	Judiciary Total	125.948	1,370.015	101.479
3	Municipal Total	661.908	2,083.391	2,005.654
4	Others Total	1,564.650	4,152.369	4,159.476
5	Autonomous School Total	20.393	153.612	158.171
6	Central School Total	45.014	161.856	176.727
7	Endowment Fund Total	69.888	33.716	11.520
8	Trust Fund, Revolving Fund and Refundable Total	6,992.834	31,643.775	30,321.374
	Grand Total	9,505.335	39,614.059	36,946.790



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STATEMENT OF OTHER RECEIPTS AND PAYMENTS FOR THE FY 2019-20

Sl. No:	PARTICULARS	(Nu. in millions)		
		RECEIPTS	PAYMENTS	NET
A	BUDGET FUND ACCOUNT	6,767.013	0.000	6,767.013
i	Bank Charges			
ii	Prior year expenses	51.105		51.105
iii	Prior year advances	32.748		32.748
iv	Closing cash balances	84.217		84.217
v	Refundable External Grants	0.062		0.062
vi	Others *	230.741		230.741
vii	Others (LC/PLC) **	221.733		221.733
viii	Internal Funds***	1.144		1.144
ix	Recoupments from Refundable Deposits	750.649		750.649
x	National Resilience Fund	5,390.000		5,390.000
xi	KR II Fund	4.614		4.614
B	NON-REVENUE ACCOUNT	3,023.431	0.000	3,023.431
i	Deposits as per BOBL (daily GCA)	3,023.431		3,023.431
C	AGENCIES ACCOUNTS	3,542.968	8,792.183	-5,249.215
i	Revenue Receipts & Remittances	1,437.004	1,437.004	0.000
ii	Others Recoveries & Remittances	1,678.610	1,679.095	-0.485
iii	Miscellaneous Receipts & Payments	427.354	5,676.084	-5,248.730
D	OTHER ADJUSTMENTS	0.000	0.000	0.000
i	Uncashed Cheques of the FY			
E	Redemption of T-Bill		2,581.987	-2,581.987
	TOTAL	13,333.412	11,374.170	1,959.242

Source: Department of Public Accounts, Budgetary Bodies & Bank of Bhutan



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STATEMENT OF GOVERNMENT EQUITY PORTFOLIO FOR THE YEAR ENDED 30 JUNE 2020

Direct Shareholdings		Shareholding as on 01/07/2019					Amount (Nu. in million)				
Sl. No	Corporations	No. of shares	Value (Nu)	% Holding	Face value	Investment	Divestment/Transfer	No. of share	Amount (Nu)	No. of shares	Shareholding as on 30/06/2020
											% Holding
I	Manufacturing		49,439,998						2,767,601		52,207,599
1	Army Welfare Project	25,200	25,200	100%	1,000.00					25,200	100%
2	Bhutan Agro Industries Limited	770,636	77,064	100%	100.00					770,636	100%
3	National Housing Development Corp Ltd	2,727,961	2,727,961	100%	1,000.00					2,727,961	100%
4	Kuensel Corporation	255,000	25,500	51%	100.00					255,000	51%
5	Druk Holding & Investments Ltd ¹	459,462,029	45,946,203	100%	100.00	27,493,978				486,956,007	100%
6	Bhutan Livestock Development Corp Ltd ²	4,556,429	455,643	100%	100.00	182,031				4,738,460	100%
7	Menjongsong Pharmaceutical Corp Ltd	1,824,277	182,428	100%	100.00					1,824,277	100%
II	Trading		190,544			15,000				205,544	
8	Food Corporation of Bhutan ³	15,000	15,000	100%	1,000.00	15,000				30,000	100%
9	Bhutan Lottery Ltd	600,000	60,000	100%	100.00					600,000	100%
10	Bhutan Duty Free Ltd	1,155,441	115,544	100%	100.00					1,155,441	100%
III	Services		887,656			15,000				902,656	
11	Bhutan Postal Corporation	235,952	23,595	100%	100.00					235,952	100%
12	Bhutan Broadcasting Service Limited	1,308,351	130,835	100%	100.00					1,308,351	100%
13	Royal Bhutan Helicopter Services Ltd	6,070,474	607,047	100%	100.00					6,070,474	100%
14	Farm Machinery Corporation Ltd ⁴	333,220	33,322	100%	100.00	15,000				483,220	100%
15	Green Bhutan Corporation Ltd	418,562	41,856	100%	100.00					418,562	100%
16	Financial Institutions Training Institute Ltd	4,000,000	40,000	30.77%	10.00					4,000,000	30.77%
17	Credit Information Bureau	1,100,000	11,000	44%	10.00					1,100,000	44%
IV	Financial Institutions		1,030,852			350,000				1,380,852	
18	Bhutan Development Bank Ltd	600,317	60,031.7	96.00%	1,000.00					600,317	96%
19	National CSI Development Bank Ltd ⁵	4,305,350	430,535	100%	100.00	3,500,000				7,805,350	100%
	TOTAL		51,549,050			3,147,601					54,696,651


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STATEMENT OF GOVERNMENT EQUITY PORTFOLIO FOR THE YEAR ENDED 30 JUNE 2020

Sl. No	Shareholdings through DHI Corporations	Shareholding as on 01/07/2019			Investment\		Divestment/Transfer	Shareholding as on 30/06/2020	
		No. of shares	Value (Nu)	% Holding	No. of shares	Amount (Nu)		No. of shares	Value (Nu)
I	Manufacturing		40,763,388			525,376	21,517		41,267,246
1	Penden Cement Authority Limited	15,210,740	152,107	44.74%				15,210,740	152,107
2	Bhutan Board Products Limited	6,683,340	66,833	47.74%				6,683,340	66,833
3	Bhutan Ferro Alloys Limited	3,859,460	38,595	25.73%				3,859,460	38,595
4	Natural Resource Development Corp.	450,000	45,000	100%				450,000	45,000
5	Dungesam Cement Corporation	74,739,480	7,473,948	100%				74,739,480	7,473,948
6	Dungesam Polymers	7,788,900	77,890	51%				7,788,900	77,889
7	Druk Green Power Corporation ⁶	31,545,688	31,545,688	100%		525,376		32,071,064	32,071,064
8	Koufuku International Pvt. Ltd	150,000	15,000	30%				150,000	15,000
9	Construction Development Corp. Ltd ⁷	981,019	981,019	100%			14,157	966,862	966,862
10	Wood Craft Centre Limited ⁸	733,177	73,318	100%			73,600	659,577	65,958
11	State Mining Corporation Ltd	2,939,900	293,990	100%				2,939,900	293,990
II	Trading		91,801						91,801
12	State Trading Corporation of Bhutan	9,180,081	91,801	51%				9,180,081	91,801
III	Services		11,527,312			2,343,506			13,870,818
13	Druk Air Corporation ⁹	22,252,111	2,225,211	100%	3,331,400	333,140		25,583,511	2,558,351
14	Bhutan Telecom Corporation	854,082	854,082	100%				854,082	854,082
15	Bhutan Power Corporation ¹⁰	8,225,118	8,225,118	100%	2,010,180	2,010,180		10,235,298	10,235,298
16	Thimphu TechPark Ltd ¹¹	2,229,012	222,901	100%	1,860	0.186		2,230,872	223,087
IV	Financial Institutions		3,249,548			75,715			3,325,262
17	Bhutan National Bank ¹²	37,857,263	378,573	11.50%	7,571,453	75,715		45,428,716	454,287
18	Bank of Bhutan	2,400,000	2,400,000	80%				2,400,000	2,400,000
19	Royal Insurance Corporation of Bhutan Ltd	47,097,500	470,975	39.25%				47,097,500	470,975
	TOTAL		55,632,049			2,944,597	21,517		58,555,127

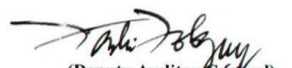
NOTE:

- 1 Share issued during December 2018 worth of Nu.255.33 and Nu.2,494.07 (million) in December 2019.
- 2 182021 No. of shares worth of Nu.18.20 million issued during the year 2019.
- 3 Equity injection of Nu.15 million in March 2020.
- 4 Equity injection of Nu.15 million in March 2020.
- 5 Equity injection of Nu.100 million during the year 2019 and Nu.250 million in February 2020.
- 6 525376 No. of shares issued during the year 2019.
- 7 Nu.14.16 million transfer to DHI on account of land cost.
- 8 Nu.7.36 million transfer to DHI on account of land transfer.
- 9 Equity shares worth of Nu.333.14 million issued during the year 2019.
- 10 Nu.2,010.18 million worth of equity shares allotted to DHI in 2019.
- 11 1860 No. of shares issued during the year 2019.
- 12 Nu.75.71 million issued bonus shares during the year 2019.



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STATEMENT OF GOVERNMENT GUARANTEES AS OF 30 JUNE 2020

SL.No.	Name of the beneficiary	Date of issue	Issued to	Purpose of Issue	Original Guaranteed		Validity	Outstanding Balance		Remarks
					USD Million	Nu. Million		USD Million	Nu. Million	
1	National Housing Development Corporation	11th September 2017	NPPF	Financing for Affordable Housing Project in Phuntsholing.		890.000	20 years		831.940	Sanctioned full amount of Nu.890m.
2	Bhutan Agro Industries Ltd.	5th June 2017	BOBL	Financing for set up of an integrated agro based industry in Lingmethang, Mongar.		166.000	20 years		156.500	Guaranteed amount Nu.166m. The loan amount sanctioned is 152.000m.
3	Bhutan Development Bank Ltd.	9th March 2018	NPPF	OESD Loan Scheme to youths.		521.300	5 years		329.931	Guaranteed amount of 521.30m.
4	Drukair Corporation Ltd.	11th February 2019	NPPF	Financing for purchase of new Aircraft A320 Neo.	36.598		11 years		2,692.590	Sanctioned 586.488m against guaranteed amount of USD 36.598m.
5	Drukair Corporation Ltd.	13th August 2019	SDF	Purchase of New ATR 42-600	13.000		10 years	13.000	983.580	Only USD 13.000 million is guaranteed for purchase of ATR 42-600. The equivalent value of Nu. 983.580 million recorded to ascertain total govt. guaranteed amount.
TOTAL					49.598	1,577.300		13.000	4,994.541	


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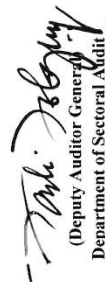
SUMMARY STATEMENT OF OUTSTANDING DEBT OF THE GOVERNMENT FOR THE PERIOD ENDED 30 June 2020

Sl. No.	LENDER AND PROJECTS	(Amounts in Agreement Currencies in Millions)										Closing Balances as on 30/06/20	Closing Balances in USD	Ratio of Debt to GDP	% of Total	
		Loan Committed		Opening Balance as on 01/07/2019	W I T H D R A W A L S				REPAYMENTS DURING THE YEAR							
		Curr.	Amount		Principal (Disbursement)	Interest & Charges accrued during the year		Total Liability incurred during the year	Principal	Interest & S/Charges	Total					
						Interest	Fees & Charges									
A	INTERNAL															
i	RAMA/BoB/BNB/T-Bills, WMA, Overdraft)	Nu.	-		5,059,597	33,993,114	145,411	-	34,138,525	37,047,627	163,773	37,211,400	1,986,721	26,259	1.05%	0.92%
iii	National Pension and Provident Fund	Nu.	-		4,661,473	33,993,114	112,656	-	34,105,770	37,036,224	131,018	37,167,242	1,600,000	21.15		
iv	NPPE Loan to BHSL	Nu.			36,857	-	2,770	-	2,770	11,403	2,770	14,173	25,454	0.34		
					361,267		29,985		29,985		29,985	29,985	361,267	4.77		
B	EXTERNAL: India	Rs.			131,432,876	8,507,927	12,995,211	-	21,503,138	-	738,541	738,541	152,197,47	2,011,598	80.34%	70.67%
C	EXTERNAL: Other than India	Nu.			47,682,054	10,938,500	772,931	-	11,711,431	1,776,183	772,931	2,549,114	61,185,647	808,692	32.30%	38.41%
i	International Dev. Association (IDA)	XDR	198,373		197,643	41,477	2,123	-	43,600	3,560	2,123	5,683	235,56	324,625		
ii	Asian Development Bank (ADB)	XDR	236,979		156,581	9,776	2,142	-	11,918	6,256	2,142	8,398	160,10	220,636	-0.35	
iii	Asian Development Bank (ADB)	USD	121,000		70,622	59,816	2,053	-	61,869	0,854	2,053	2,907	129,58	129,584		
iv	International Fund for Agriculture Dev (IFAD)	XDR	38,496		25,723	1,501	0,250	-	1,751	0,807	0,250	1,057	26,42	36,404		
v	Government of Austria (GoA)	EUR	95,515		44,590	-	1,723	-	1,723	7,191	1,723	8,913	37,40	41,957		
vi	Japan International Cooperation Agency (JICA)	JPY	5,424,604		4,494,044	155,016	3,479	-	158,495	106,148	3,479	109,627	4,542,91	42,487		
vii	SAARC Development Fund	USD	13,000		-	13,000	0,268	-	13,268	-	0,268	0,268	13,00	13,000		
	Grand Total	Nu.			184,174,527	53,439,541	13,913,553	-	67,353,094	38,823,810	1,675,246	40,499,056	215,369,842	2,846,548	113.68%	100.0%
	Note: Exchange rates used for conversion:	USD	XDR		EUR	JPY(1000)										
		Nu.	75,6600		104,2670	84.88										
	GDP (Source-NSB)- July 2020 update	Nu.	189,446,240													

Source: Department of Macroeconomics Affairs, Treasury Division, DPA for T-Bills and Overdraft


(Director)
Department of Public Accounts
Ministry of Finance

Director
Department of Public Accounts
Ministry of Finance
Thimphu : Bhutan


(Deputy Auditor General)
Department of Sectoral Audit

Dy. Auditor General
Dept. of Sectorial Audit
Royal Audit Authority
Thimphu

CHAPTER 2

2.1. SUMMARY OF AUDIT FINDINGS

The Annual Audit Report 2020 has been compiled from 412 audit reports issued during the year including two performance audit reports and one Joint Audit on Hydropower Projects. The chapter includes a summary of the certification of Annual Financial Statements of the RGoB for the fiscal year ended 30 June 2020 summary of significant issues from audit reports issued during the year and a summary on significant issues from the joint audit of hydropower projects.

In the process of auditing the annual financial statements of the RGOB, it was observed that there was underutilization of capital budget by 30.03% as only Nu. 22,046.920 million was utilized from a total revised budget allocation of Nu. 31,510.374 million. The underutilization resulted due to impact by the COVID-19 pandemic in mobilizing resources, inadequate implementation readiness and capacities of respective agencies, change in design and drawings of the activities, lack of responsive bidders and delay in getting clearances.

The year 2020 saw unresolved irregularities amounting to Nu. 2,051.233 million showing an increase of 44.95% as compared to 2019. Most increases were noted in non-performing loans of the financial institutions, Northern East West Highway (NEWH) construction and fraud in four gewogs of Tashigang Dzongkhag. **Chart 2.1** shows the unresolved irregularities reported for the past five years which has been increasing except in 2017 revealing inadequacies in internal control, accountability and non-implementation of past recommendations provided in Annual Audit Reports.

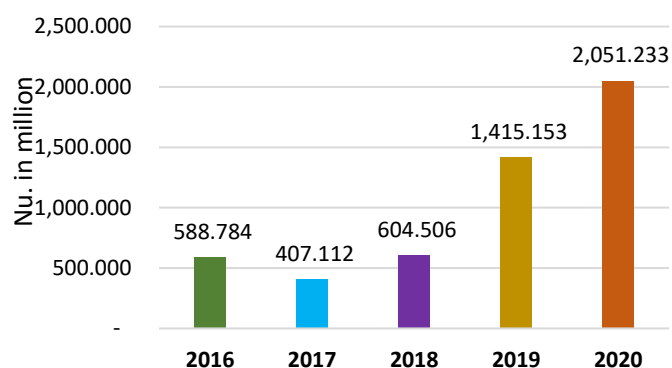
The report contains unresolved significant issues pertaining to ten Ministries, nine Dzongkhag Administrations, four Dungkhag Administrations, 49 Gewogs Administrations, 10 Autonomous Agencies, 15 Corporations, three Financial Institutions and nine Non Governmental Organizations.

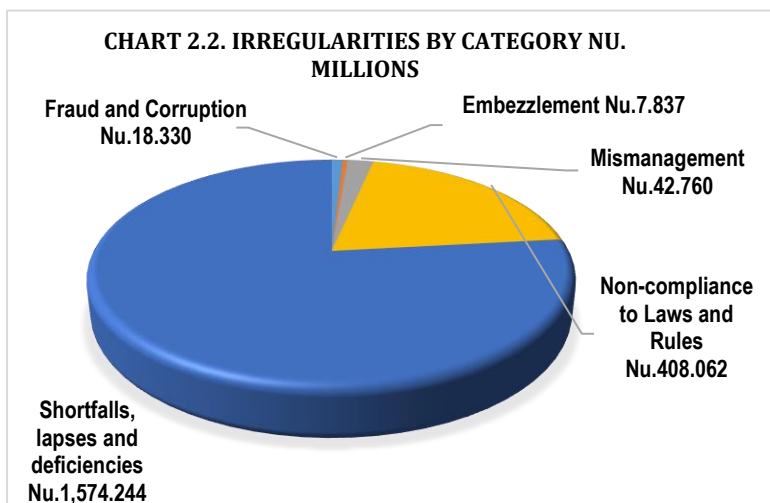
Under the budgetary agencies, the highest amount of irregularities is reported under Ministry of Works and Human Settlements at Nu. 345.813 million followed by Autonomous

Agencies at Nu. 288.788 million and Ministry of Economic Affairs with Nu. 261.341 million.

Under the non-budgetary agencies, Bhutan Development Bank Ltd. had irregularities amounting to Nu. 311.023 million followed by Royal Insurance Corporation Ltd and Bank of Bhutan with irregularities amounting to Nu. 183.445 million and Nu. 160.442 million respectively. The major increase for the non-budgetary agencies were due to huge portion of non-performing loans.

Chart 2.1 Unresolved Irregularities reported for past five years





The observations in AAR 2020 have been grouped into five broad audit categories. A summary of the irregularities by audit categories is given in **Chart 2.2** and detailed in **Tables 2.1 & 2.2** at the end of chapter. The highest amount of irregularities of Nu. 1,574.244 million was reported under the category 'Shortfalls, lapses and deficiencies' followed by Nu. 408.862 million under the category 'Non-compliance to Laws and Rules'. The category, 'Mismanagement' had irregularities of Nu. 42.760 million, Fraud and Corruption had Nu. 18.330 million and 'Embezzlement' had Nu. 7.837 million worth of irregularities. The Fraud & Corruption and Embezzlement cases are reported irrespective of their recovery and settlement status considering the severity of such irregularities.

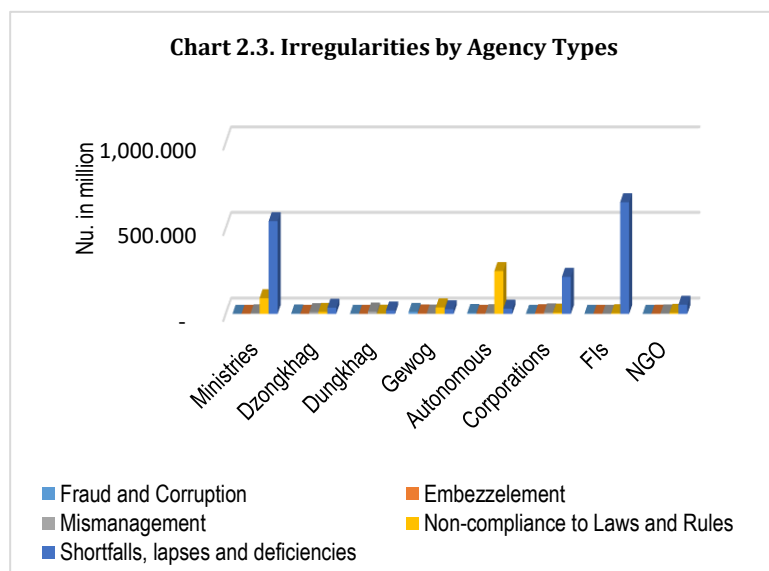
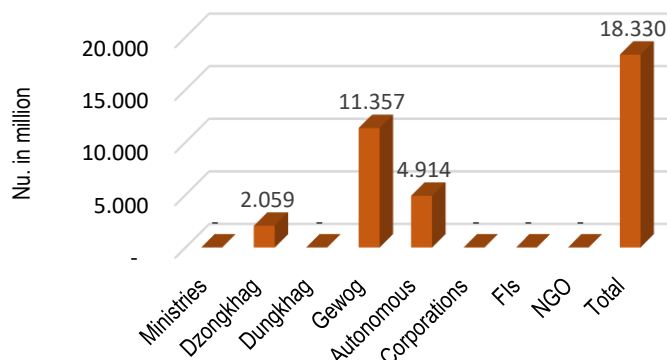


Chart 2.3 shows the irregularities by agency types. It is evident the 'Shortfalls, Lapses and Deficiencies' is the category with highest amount of irregularities in most agency types including Ministries, Financial Institutions, Corporations, NGO's and Dzongkhags. However, it can be observed that Autonomous Agencies and Gewog Administrations had more cases on 'Non-compliance to Laws and Rules'. The agency types

with highest amount for irregularities under the 'Shortfalls, Lapses and Deficiencies' were Financial Institutions with Nu. 651.267 million and Ministries with Nu. 540.837 million respectively. For 'Non-compliance to Laws and Rules', Autonomous Agencies had Nu. 249.469 million followed by Ministries with Nu. 91.227 million.

2.1.1. FRAUD AND CORRUPTION

Chart 2.4. Fraud and Corruption

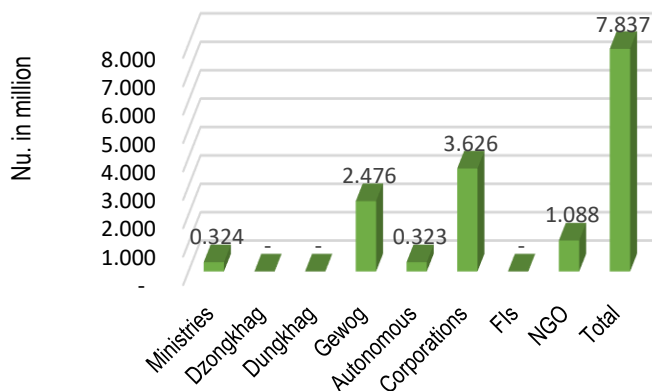


The RAA reported cases with possible elements of fraud and corruption pertaining to some agencies during the year. The total amount of irregularities under this category aggregated to Nu. 18.330 million. Out of the total irregularities reported, Nu. 11.357 million pertained to four Gewogs under Trashigang Dzongkhag perpetrated by one Account Assistant who was looking after the

accounts of four Gewogs. It was followed by Autonomous agencies at Nu. 4.914 million and Dzongkhags at Nu. 2.059 million respectively as depicted in **Chart 2.4**. Ministries, Financial Institutions, Dungkhag Administrations, Corporations and NGO's had no cases with possible elements of fraud and corruption.

2.1.2. EMBEZZLEMENT

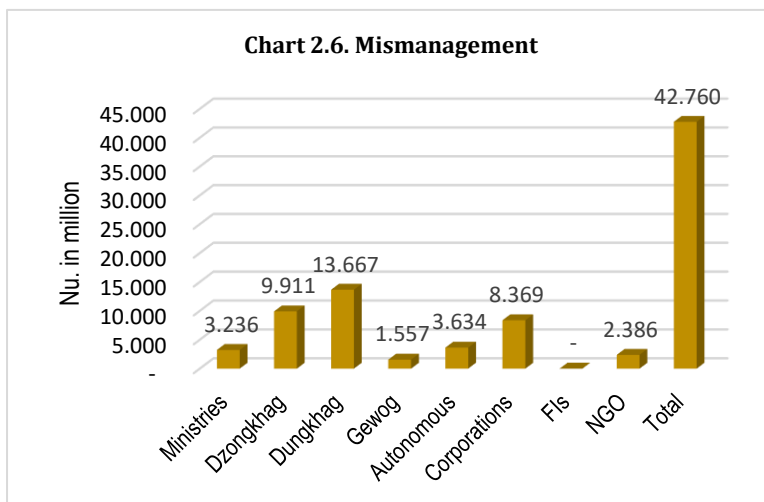
Chart 2.5. Embezzlement



The total irregularities reported under Embezzlement amounted to Nu. 7.837 million of which the Corporations had Nu. 3.626 million worth of irregularities followed by Gewog at Nu. 2.476 million. Financial Institutions, Dzongkhag Administrations and Dungkhag Administrations had no cases of embezzlement whereas NGO's had Nu. 1.088 million. Autonomous agencies and

Ministries had only Nu. 0.323 million and Nu. 0.324 million worth of irregularities respectively as depicted in **Chart 2.5**.

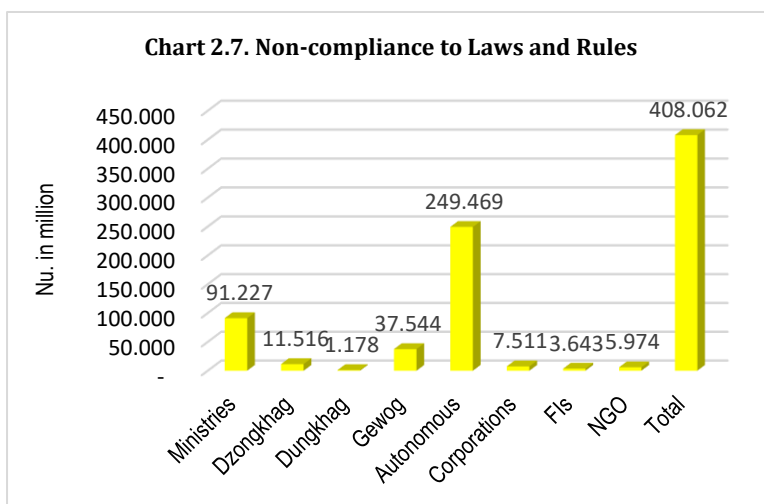
2.1.3. MISMANAGEMENT



Irregularities relating to Mismanagement cases were highest in Dungkhag Administration with Nu. 13.667 million followed by Dzongkhag Administrations at Nu. 9.911 million and Corporations at Nu. 8.369 million. While Financial Institutions recorded no mismanagement cases, Ministries had cases amounting to Nu. 3.236 million, NGOs had Nu. 2.386 million and Autonomous Agencies had

irregularities amounting to Nu. 3.634 million. An aggregate of Nu. 42.760 million worth irregularities were observed in all agencies for cases related to Mismanagement as depicted in **Chart 2.6.**

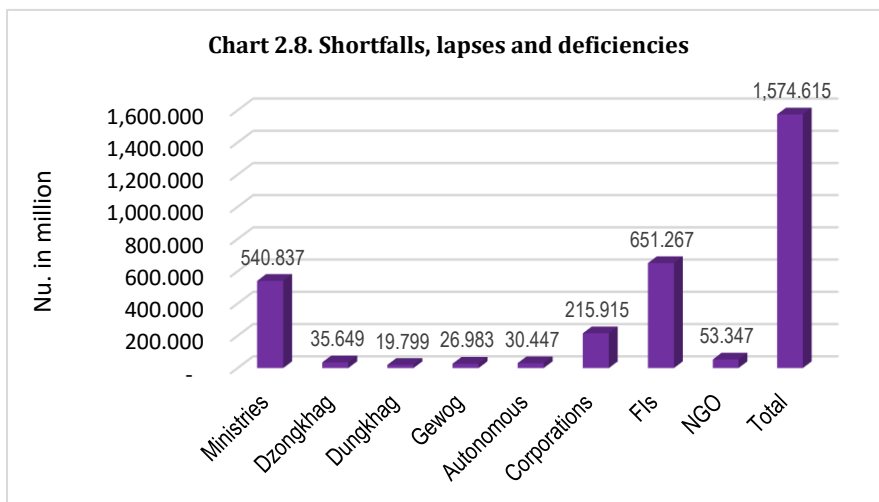
2.1.4. NON-COMPLIANCE TO LAWS AND RULES



The total irregularities reported under this category amounted to Nu. 408.062 million. As depicted in **Chart 2.7**, Autonomous agencies had highest irregularities amounting to Nu. 249.469 million followed by Ministries with Nu. 91.227 million and Gewog Administrations with Nu. 37.544 million. At the lower end of the spectrum, Dungkhag Administrations only had Nu.1.178 million

irregularities under non-compliance followed by Financial Institutions at Nu. 3.643 million.

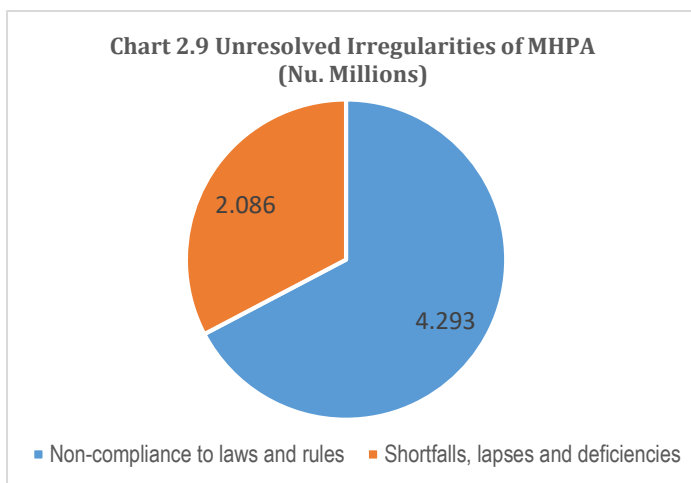
2.1.5. SHORTFALLS, LAPSES AND DEFICIENCIES



The irregularities under this category amounted to Nu. 1,574.615 million accounting for over 50% of the total irregularities for the year 2020 as depicted in **Chart 2.8.**

Financial Institutions had the most cases of irregularities under this category largely at Nu. 651.267 contributed by Non-Performing Loans followed closely by Ministries at Nu. 540.837 which was due to cases on road construction and widening projects. Corporations stand third with Nu. 215.915 million while the lowest were Dungkhag Administrations with Nu. 19.799 million of irregularities observed under Shortfalls, lapses and deficiencies.

2.2. SUMMARY OF JOINT HYDROPOWER AUDITS



The RAA conducted one Joint Audit of Hydro Power Project for MHPA which had unresolved irregularities amounting to Nu. 6.379 million. As illustrated in **Chart 2.9**, there were irregularities worth Nu. 4.293 million against the category of Non-compliance to Laws and Rules and Nu. 2.086 million in Shortfalls, Lapses and Deficiencies.

Table 2.1: Summary of irregularities with categories and amount involved as reported in Annual Audit Report 2020 with respect to budgetary agencies

OBC	Audit Observation Category	MOA F	MOE	MOEA	MOF	MOFA	MOH	MOHCA	MOIC	MOLHR	MOW HS	Ministries	Ozongkhag	Dundkhag	Geog	Autonomous	Total (Nu. in millions)
1	Fraud and Corruption	-	-	-	-	-	-	-	-	-	-	-	2.059	-	11.357	4.914	18.330
1.1	Forgery and tampering of documents	-	-	-	-	-	-	-	-	-	-	-	-	-	10.784	0.183	10.967
1.2	Malpractice and abuses	-	-	-	-	-	-	-	-	-	-	-	2.059	-	0.573	4.411	7.043
1.3	Tax evasion	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.320	0.320
2	Embezzlement	0.199	0.125	-	-	-	-	-	-	-	-	0.324	-	-	2.476	0.323	3.124
2.1	Misappropriation	-	0.125	-	-	-	-	-	-	-	-	0.125	-	-	1.518	-	1.643
2.2	Intentional double bookings/irregular/unauthorized payments	0.199	-	-	-	-	-	-	-	-	-	0.199	-	-	-	-	0.199
2.3	Non/short- accountal	-	-	-	-	-	-	-	-	-	-	-	-	-	0.959	0.323	1.282
3	Mismanagement	-	0.171	-	2.360	-	-	0.705	-	-	-	3.236	9.911	13.667	1.557	3.634	32.005
3.1	Mismanagement of fund	-	0.171	-	-	-	-	0.705	-	-	-	0.876	-	13.667	0.620	3.557	18.721
3.2	Mismanagement of properties	-	-	-	-	-	-	-	-	-	-	-	-	-	0.363	-	0.363
3.3	Mismanagement of human resources	-	-	-	-	-	-	-	-	-	-	-	9.911	-	-	-	9.911
3.4	Mismanagement of revenue and taxes	-	-	-	2.360	-	-	-	-	-	-	2.360	-	-	0.574	0.077	3.011
4	Violation of Laws and Rules	0.716	2.361	4.408	-	-	-	3.252	0.582	-	79.908	91.227	11.516	1.178	37.544	249.469	390.934
4.1	Violation of service rules	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4.2	Violation of budgetary norms	-	-	-	-	-	-	0.142	-	-	-	0.142	-	0.180	0.272	-	0.594
4.3	Violation of accounting norms	-	0.404	-	-	-	-	2.957	-	-	12.295	15.656	3.933	-	22.141	0.089	41.820
4.4	Violation of procurement norms	0.622	1.957	4.310	-	-	-	-	0.582	-	67.613	75.084	5.760	0.998	14.586	249.379	345.807
4.5	Violation of Acts, Directives and Policies	0.094	-	0.089	-	-	-	0.153	-	-	-	0.345	1.823	-	0.545	-	2.713
5	Shortfalls, lapses and deficiencies	5.632	0.812	257.223	0.120	0.385	0.105	1.907	8.114	0.634	265.905	540.837	35.649	19.799	26.983	30.447	653.716
5.01	Over/Inadmissible / Irregular/Double payments	1.384	0.150	14.964	-	0.088	-	1.907	0.437	0.634	4.369	23.933	26.008	16.702	7.398	12.175	86.215
5.05	Non-reconciliation/certification of balances	4.248	0.255	-	-	-	-	-	4.177	-	79.526	88.206	-	3.018	0.067	0.450	91.740
5.06	Irregularities in advances	-	0.190	-	0.120	-	-	-	-	-	103.101	103.411	-	-	1.317	15.322	120.050
5.07	Irregularities in recoveries	-	-	-	-	0.297	0.105	-	3.500	-	66.489	70.391	-	-	7.159	-	77.550
5.08	Irregularities in disposals & auctions	-	-	-	-	-	-	-	-	-	5.480	5.480	-	-	-	-	5.480
5.09	Irregularities on property managements	-	-	-	-	-	-	-	-	-	6.101	6.101	4.774	0.080	1.400	2.500	14.855
5.11	Non/short deductions	-	0.099	-	-	-	-	-	-	-	0.300	0.399	4.033	-	-	-	4.432
5.12	Shortfalls & uneconomical operations	-	-	242.259	-	-	-	-	-	-	0.539	242.798	-	-	9.643	-	252.441
5.16	Missing documents/receipts	-	0.118	-	-	-	-	-	-	-	-	0.118	0.834	-	-	-	0.952
	Total (Nu. in million)	6.547	3.469	261.631	2.480	0.385	0.105	5.864	8.696	0.634	345.813	635.624	59.134	34.644	79.917	288.788	1,098.108

Table 2.2: Summary of irregularities with categories and amount involved as reported in Annual Audit Report 2020 with respect to non-budgetary agencies

OBC	Audit Observation Category	A W P	BAIL	BOFL	BPCL	BPO	CDCL	DACL	DGPC	FMCL	KCL	NHCL	PCAL	SLC	ST CBL	W CCL	BOBL	BOBL	RICBL	NGO	Total (Nu. in millions)
1	Fraud and Corruption	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
1.1	Forgery and tampering of documents	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2	Embezzlement	-	-	-	0.602	-	-	-	-	0.451	-	-	-	-	2.573	-	-	-	-	1.088	4.713
2.1	Misappropriation	-	-	-	0.602	-	-	-	-	0.451	-	-	-	-	-	-	-	-	-	0.027	1.080
2.3	Non/short- accountal	-	-	-	-	-	-	-	-	-	-	-	-	-	2.573	-	-	-	-	1.061	3.634
3	Mismanagement	-	0.618	0.058	-	-	-	-	4.135	3.269	-	-	-	-	-	0.288	-	-	-	2.386	10.754
3.1	Mismanagement of fund	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.961	0.961
3.2	Mismanagement of properties	-	-	0.058	-	-	-	-	-	0.134	-	-	-	-	-	-	-	-	-	-	0.192
3.4	Mismanagement of revenue and taxes	-	0.618	-	-	-	-	-	4.135	3.135	-	-	-	-	-	0.288	-	-	-	1.425	10.052
4	Violation of Laws and Rules	-	-	-	-	-	-	0.377	-	-	-	-	-	3.484	3.650	-	3.643	-	-	5.974	17.128
4.1	Violation of service rules	-	-	-	-	-	-	-	-	-	-	-	-	-	1.506	-	-	-	-	-	1.506
4.2	Violation of budgetary norms	-	-	-	-	-	-	-	-	-	-	-	-	3.484	-	-	-	-	-	-	3.544
4.3	Violation of accounting norms	-	-	-	-	-	-	0.377	-	-	-	-	-	-	1.809	-	-	-	-	4.311	11.701
4.4	Violation of procurement norms	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.214	56.540
4.5	Violation of Acts, Directives and Policies	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3.643	-	-	-	3.643
4.6	Violation of other laws, rules and regulations	-	-	-	-	-	-	-	-	-	-	-	-	-	0.336	-	-	-	-	1.449	1.785
5	Shortfalls, lapses and deficiencies	1.552	-	2.806	-	1.782	0.664	5.737	3.363	-	55.440	0.673	0.055	0.085	143.757	-	307.380	160.442	183.445	53.347	920.538
5.01	Over/Inadmissible / Irregular/Double payments	-	-	-	-	-	0.664	-	-	-	-	0.673	-	-	-	-	-	-	-	1.583	5.088
5.02	Non- maintenance of records	0.120	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3.386	3.506
5.03	Improper maintenance of records	0.156	-	-	-	-	-	-	-	-	-	-	-	-	143.757	-	-	-	-	-	143.913
5.05	Non-reconciliation/certification of balances	-	-	2.489	-	-	-	2.064	-	-	-	-	-	-	-	-	-	-	-	3.773	8.325
5.06	Irregularities in advances	0.805	-	-	-	-	-	-	-	-	-	-	0.055	-	-	-	-	-	-	36.603	37.476
5.07	Irregularities in recoveries	0.317	-	-	-	1.643	-	3.673	3.363	-	55.440	-	-	-	-	-	-	-	-	0.255	262.015
5.08	Irregularities in disposals & auctions	-	-	-	-	-	-	-	-	-	-	-	-	0.085	-	-	-	-	-	-	0.085
5.09	Irregularities on property managements	0.154	-	-	-	0.139	-	-	-	-	-	-	-	-	-	-	-	-	-	7.030	7.322
5.12	Shortfalls & uneconomical operations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	220.440	160.442	183.445	0.717	561.935
5.13	Inadequate safeguard of environment & cultural heritage	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4.274
5.14	Pending disputes & court cases	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	83.942	-	-	-	83.942
5.15	Inadequate internal controls	-	-	0.317	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.317
5.16	Missing documents/receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2.998	-	-	-	2.998
	Total (Nu. in million)	1.552	0.618	2.863	0.602	1.782	0.664	6.114	7.498	3.720	55.440	0.673	0.055	3.569	149.981	0.288	311.023	160.442	183.445	62.795	953.133

CHAPTER 3

3. DETAILED AUDIT FINDINGS

This chapter contains the summaries of unresolved significant audit observations from audit reports issued in the year 2020 for different agencies.

3.1. MINISTRIES

During the year, 10 Ministries had unresolved irregularities amounting to Nu. 635.624 million as follows:

3.1.1. MINISTRY OF AGRICULTURE AND FORESTS

During the year, the RAA had issued 18 audit reports of the Ministry of Agriculture and Forests (MoAF), its departments and projects. There were 57 observations amounting to Nu. 56.921 million of which observations amounting to Nu. 50.374 million were either resolved as of 31 January 2021 or did not qualify for inclusion in AAR 2020.

The significant unresolved irregularities amounted to Nu. 6.547 million as summarized below:

Category Code	Category Description	Nu. in million
2	Embezzlement	0.199
4	Non-compliance to Laws and Rules	0.716
5	Shortfalls, lapses and deficiencies	5.632
	Total	6.547

2. EMBEZZLEMENT – NU. 0.199 MILLION

The case of embezzlement involving Nu. 0.199 million is as indicated below:

2.1. RE-CLAIMING OF THE SETTLED BILLS - NU. 0.199 MILLION

The Commercial Agriculture and Resilient Livelihoods Enhancement Programme (CARLEP) Project management had made payment of Nu. 0.199 million for procurement of cement, transportation charges, railing and gates and procurement of fuels which was incurred for the establishment of dairy farms for usergroups, shed construction and construction of milk collection centre in financial year 2018-2019. However, the same bill was claimed and was paid in the previous financial year 2017-2018. *(AIN: 16530; OB No.: 9; Accountabilities: Direct: Tshegey Norbu, LPO, EID No.: 200607143; Supervisory: Dawa Dorji, DLO, EID No.: 9507137)*

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 0.716 MILLION

The cases of non-compliance to laws and rules involving Nu. 0.716 million are as indicated below:

Sl. No.	Observation in Brief	Nu.in million
4.1	Procurement of HDPE Pipes from other vendor	0.094
4.2	Non-adjustment of Advances	0.622
	Total	0.716

4.1. PROCUREMENT OF HDPE PIPES FROM OTHER VENDOR – NU. 0.094 MILLION

The Agriculture Research and Development Centre (ARDC), Yusipang had awarded the contract for the maintenance of water supply scheme at Yusipang to M/s KST Construction. The contractor had procured High-Density Polyethylene (HDPE) pipes amounting to Nu. 1.170 million from M/s Sonam Tenzin Traders instead of government identified Bhutanese Manufacturers (M/s Druk Pipes and M/s Rabten Pipes) thereby forgoing the rebate amount of Nu. 0.094 million. *(AIN: 16586; OB No.: 1; Accountabilities: Direct: Dorji Tshering, Engineer, EID No. 200608004 & M/s KST Construction, CDB Registration No.: 5148; Supervisory: Kesang Tshomo, Program Director, EID No.: 9604100)*

4.2. NON-ADJUSTMENT OF ADVANCES – NU. 0.622 MILLION

The erstwhile Council for RNR Research of Bhutan (CoRRB), MoAF had released a sum of Nu. 0.622 million to Zhemgang Dzongkhag as deposit work under the School Agriculture Program on 10/12/2015. However, the advance was lying unsettled/unadjusted as on 3/4/2020 even after the lapse of 4 financial years. *(AIN: 16737; OB No.: 2; Accountabilities: Direct: Pema Lhamo, Finance Officer, EID No. 200901070 & CID No.: 10710000602; Supervisory: Pema Lhamo, Finance Officer, EID No. 200901070 & CID No.: 10710000602)*

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 5.632 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 5.632 million are as indicated below:

Sl. No.	Observation in Brief	Nu.in million
5.1	Excess payment to contractor	1.385
5.2	Unclaimed refundable deposit	2.741
5.3	Unclaimed Non-revenue deposit	1.506
Total		5.632

5.1. EXCESS PAYMENT TO CONTRACTOR - NU. 1.385 MILLION

- a) The Wangchuck Centennial National Park (WCNP), Bumthang had made excess payment of Nu. 0.114 million to M/s Pemai Ningpo Construction, Bumthang. The excess payment pertains to providing and laying 2nd class bricks work in foundation and plinth, providing and fixing white colored glazed tiles of 150*150mm in skirting and step riser, applying wood preservatives on unexposed surface, providing and laying ceiling joist, and providing and laying of 50mm thick plinth protection. The excess payment had occurred due to differences in the quantities executed and the amount paid for. *(AIN: 16574; OB No.: 1.1; Accountabilities: Direct: M/s Pemai Ningpo Construction, CDB No.: 5987; Supervisory: Tshering Tashi, Site Engineer, EID No.: 200707077)*
- b) The WCNP, MoAF had made excess payment of Nu. 0.058 million to M/s Pemai Ningpo Construction, Bumthang. The excess payment had occurred due to untimely measurement and claims made for sub-structure and foundation works. *(AIN: 16574; OB No.: 1.2; Accountabilities: Direct: M/s Pemai Ningpo Construction, CDB No.: 5987; Supervisory: Tshering Tashi, Site Engineer, EID No.: 200707077)*
- c) The Department of Agriculture (DoA), MoAF had made excess payment amounting to Nu. 0.296 million to M/s Nakling Builders Private Limited for the construction of Birkhola Irrigation Scheme at Dorokha under World Bank funded Project 'Food Security & Agriculture Productivity Program'. The excess payment had occurred due to analyzed rate application for the 20% variation in work quantities from Bills of Quantities (BoQ) even though the variation

in value of work was not even 1% of the initial contract value. (AIN: 17038; OB No.: 1; Accountabilities: Direct: Nedrup Tshewang, Dy. Executive Engineer, EID No.: 2007107 & M/s Nakling Builders Pvt. Ltd., CDB No.: 3532; Supervisory: Jigme Dorji, Principal Agriculture Officer, EID No.: 200201126)

- d) The DoA, MoAF had made excess payment amounting to Nu. 0.779 million to M/s NTT Construction Company Private Limited for the construction of Tharaykhola Irrigation Scheme, Norbugang Samtse under World Bank funded Project 'Food Security & Agriculture Productivity Program'. The excess payment was incurred due to wrong calculations of the quantities of items used. (AIN: 17038; OB No.: 2.1; Accountabilities: Direct: Nedrup Tshewang, Dy. Executive Engineer, EID No.: 2007107 & M/s NTT Construction Company Pvt. Ltd., CDB No.: 4114; Supervisory: Jigme Dorji, Principal Agriculture Officer, EID No.: 200201126)
- e) The DoA, MoAF had made excess payment amounting to Nu. 0.137 million to M/s NTT Construction Company Private Limited for the construction of Tharaykhola Irrigation Scheme, Norbugang Samtse under World Bank funded Project 'Food Security & Agriculture Productivity Program'. The excess payment was incurred due to analyzed rate application for the 20% variation in work quantities from BoQ even though the variation in value of work was not even 1% of the initial contract value. (AIN: 17038; OB No.: 2.2; Accountabilities: Direct: Nedrup Tshewang, Dy. Executive Engineer, EID No.: 2007107 & M/s NTT Construction Company Pvt. Ltd., CDB No.: 4114; Supervisory: Jigme Dorji, Principal Agriculture Officer, EID No.: 200201126)

5.2. UNCLAIMED REFUNDABLE DEPOSIT - NU. 2.741 MILLION

The Brown Swiss Cattle Breeding Farm (BSCBF), Department of Livestock (DoL) had unclaimed refundable deposit aggregating to Nu. 2.741 million lying unadjusted with DPA. The refundable deposits were lying unadjusted since FY 2010-11. The lapses had occurred due to wrong booking made by the accountant of the refunds. (AIN: 16496; OB No.: 4; Accountabilities: Direct: Yeshi Nidup, Accountant, EID No.: 200907016; Supervisory: Chhimi Dorji, Accountant, EID No.: 200607060)

5.3. UNCLAIMED NON-REVENUE DEPOSIT - NU. 1.506 MILLION

The BSCBF, DoL had unclaimed non-revenue deposit aggregating to Nu. 1.506 million lying unadjusted with DPA. The non-revenue deposits were lying unadjusted since FY 2014-15 for the works which were already completed. The lapses had occurred due to either wrong accounting treatments or cases of non-processing of non-revenue releases as required from DPA and meeting the expenses from the normal budgetary releases. (AIN: 16496; OB No.: 2; Accountabilities: Direct: Yeshi Nidup, Accountant, EID No.: 200907016; Supervisory: Chhimi Dorji, Accountant, EID No.: 200607060)

3.1.2. MINISTRY OF EDUCATION

During the year, the RAA had issued 12 audit reports of the Ministry of Education (MoE), its departments and projects. There were 48 observations amounting to Nu. 5.013 million of which observations amounting to Nu. 1.544 million were either resolved by 31 January 2021 or did not qualify for inclusion in the AAR 2020.

The significant unresolved irregularities amounted to Nu. 3.469 million as summarised below:

Category Code	Category Description	Nu.in million
2	Embezzlement	0.125
3	Mismanagement	0.171
4	Non-compliance to laws and rules	2.361
5	Shortfalls, lapses and deficiencies	0.812
	Total	3.469

2. EMBEZZLEMENT – NU. 0.125 MILLION

The cases of embezzlement involving Nu. 0.125 million is as indicated below:

2.1. UNAUTHORIZED WITHDRAWAL – NU. 0.125 MILLION

The Tshaphel Lower Secondary School, Haa, MoE had made unauthorized withdrawal of Nu. 0.125 million from the CD account of the school during the FY 2015-16 and FY 2016-17. However, the withdrawals were not recorded in any of the books of accounts. Although the amount had been fully recovered, administrative action was pending. (AIN: 16701; OB No.: 1; Accountabilities: Direct: Kinley Dorji, Accountant, EID No.: 20180110562; Supervisory: Tandin Wangyel, Principal, EID No. 8907045)

3. MISMANAGEMENT – NU. 0.171 MILLION

The case of mismanagement involving Nu. 0.171 million is as indicated below:

3.1. CASH SHORTAGE IN ESWS - NU. 0.171 MILLION

The Education Staff Welfare Scheme (ESWS) management had collected the monthly member's contribution and other proceeds from the investments but failed to deposit on time leading to cash shortage of Nu. 0.171 million. The lapses had occurred due to not having proper fund management procedures/guidelines. (AIN: 16454; OB No.: 5; Accountabilities: Direct: Dumo Choden, Adm. Assistant, CID No. 11603001230; Supervisory: Sonam Zangpo, Fund Manager, CID No. 11510002353)

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 2.361 MILLION

The cases of non-compliance to laws and rules involving Nu. 2.361 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
4.1	Excess procurement of school uniform	0.310
4.2	Defective Office Equipment	1.540
4.3	Non-Levy of Liquidated damages	0.107
4.4	Non-cancellation of cheques after cash payment	0.337
4.5	Non-maintenance of supporting documents	0.067
	Total	2.361

4.1. EXCESS PROCUREMENT OF SCHOOL UNIFORM – NU. 0.310 MILLION

The Mendrelgang Central School, MoE had procured excess school uniforms amounting to Nu. 0.310 million during the financial year 2017-2018 and were still lying in the stores as of June 2020. The excess procurement was due to improper procurement plan and failure to do need

analysis for the uniforms. (AIN: 16888; OB No.:2; Accountabilities: Direct: Chokey Wangchuk, Principal, EID No.: 200501395; Supervisory: Chokey Wangchuk, Principal, EID No.: 200501395)

4.2. DEFECTIVE OFFICE EQUIPMENT – NU. 1.540 MILLION

The Mendrelgang Central School, MoE had defective equipment worth Nu. 1.540 million. The school management had procured 42 CCTV from M/s New Device Technology, Thimphu in the year 2017 of which 30 CCTV were found not functional as of June 2020. (AIN: 16888; OB No.:3; Accountabilities: Direct: Tshewang Norbu, Vice Principal, EID No.: 9908236, Supervisory: Chokey Wangchuk, Principal, EID No.: 200501395)

4.3. NON-LEVY OF LIQUIDATED DAMAGES - NU. 0.107 MILLION

The Norbuling Central School, MoE had not levied liquidated damages of Nu. 0.107 million against various suppliers. The liquidated damages pertains to delayed supply of School Uniforms, Furnitures, Shoes, bedsheets and pillows. (AIN: 16510; OB No.: 2; Accountabilities: Direct: Ganga Ram Bhandari, Accountant, EID No.: 200807015; Supervisory: Leki Wangdi, Principal, EID No. 9108060)

4.4. NON-CANCELLATION OF CHEQUES AFTER CASH PAYMENT - NU. 0.337 MILLION

The Norbuling Central School, MoE had issued cheques aggregating to Nu. 0.337 million against various suppliers. The payments were made in cash as the cheques issued were not presented to the bank. However, the accountant had neither cancelled the cheques issued nor revised the vouchers. (AIN: 16510; OB No.: 5; Accountabilities: Direct: Ganga Ram Bhandari, Accountant, EID No.: 200807015; Supervisory: Leki Wangdi, Principal, EID No. 9108060)

4.5. NON-MAINTENANCE OF SUPPORTING DOCUMENTS - NU. 0.067 MILLION

The Norbuling Central School, MoE had issued cheques aggregating to Nu. 0.067 million and debited from the Current Deposit (CD) account of the school. However, no supporting documents were maintained indicating the payee and the purpose of payment. (AIN: 16510; OB No.: 6; Accountabilities: Direct: Ganga Ram Bhandari, Accountant, EID No.: 200807015; Supervisory: Leki Wangdi, Principal, EID No. 9108060)

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.812 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.812 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
5.1	Outstanding Advance	0.190
5.2	Short deposit on re-investment	0.255
5.3	Double payment of semso	0.150
5.4	Short deduction of Liquidated damages	0.099
5.5	Missing Documents	0.118
Total		0.812

5.1. OUTSTANDING ADVANCES - NU. 0.190 MILLION

The Tshangkha Central School, MoE had outstanding advances of Nu. 0.190 million against various officials which were not settled as of 15 November 2019. The lapses had occurred due to inadequacy in timely follow-up of advances. (AIN: 16895; OB No.:1; Accountabilities: Direct:

Rabibal Sharma, Principal, EID No. 8504023; Karma Yangzom, Adm, Assistant, EID No. 201109105; Supervisory: Rabibal Sharma, Principal, EID No. 8504023)

5.2. SHORT DEPOSIT ON RE-INVESTMENT - NU. 0.255 MILLION

The ESWS management had reinvested its fixed deposit of Nu.12.000 million along with the accumulated interest of Nu. 5.102 million. However there was shortage in the amount deposited by Nu. 0.255 million as per Fixed Deposit Certificate No. 038208. *(AIN: 16454; OB No.: 4; Accountabilities: Direct: Sonam Zangpo, Fund Manager, ESWS, CID No. 11510002353; Supervisory: Munesh Sharma, Chief Finance Officer, MoE, EID No. 2101185)*

5.3. DOUBLE PAYMENT OF SEMSO – NU. 0.150 MILLION

The ESWS management had made double payment of semso to its members amounting to Nu. 0.150 million. The lapses had occurred due to not having proper checks, control and monitoring in fund utilization. *(AIN: 16454; OB No.: 6; Accountabilities: Direct: Dumo Choden, Adm. Assistant, CID No. 11603001230; Supervisory: Sonam Zangpo, Fund Manager, ESWS, CID No. 11510002353)*

5.4. SHORT DEDUCTION OF LIQUIDATED DAMAGES – NU. 0.099 MILLION

The Drugyel Central School, MoE had not fully levied the liquidated damages amounting to Nu. 0.099 million against various suppliers for the delayed supply of goods. The supplier was imposed liquidated damages at 0.01% per day instead of applicable rate of 0.05% per day. The lapses had occurred due to overlooking of the liable rate of liquidated damages. *(AIN: 16614; OB No.: 2; Accountabilities: Direct: Pema Choden, Accounts Assistant, EID No.: 200807266; Supervisory: Karma Tshering, Principal, EID No.: 9507332)*

5.5. MISSING DOCUMENTS - NU. 0.118 MILLION

The Tshaphel Lower Secondary School, Haa, MoE had made payment of Nu. 0.118 million during the FY 2015-16. The payment pertains to Electricity bills, Loan remittance and Stipend. However, no supporting documents were maintained authenticating the payments. *(AIN: 16701; OB No.: 3; Accountabilities: Direct: Kinley Dorji, Accountant, EID No.: 20180110562; Supervisory: Tandin Wangyel, Principal, EID No. 8907045)*

3.1.3. MINISTRY OF ECONOMIC AFFAIRS

During the year, the RAA had issued five audit reports of the Ministry of Economic Affairs (MoEA), its departments and projects. There were 33 observations amounting to Nu. 280.930 million of which observations amounting to Nu. 19.299 million were either resolved as of 31 January 2021 or did not qualify for inclusion in AAR 2020.

The significant unresolved irregularities amounted to Nu. 261.631 million as summarized below:

Category Code	Category Description	Nu. in million
4	Non-compliance to laws and rules	4.408
5	Shortfalls, Lapses and deficiencies	257.223
	Total	261.631

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 4.408 MILLION

The cases of non-compliance to laws and rules involving Nu. 4.408 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
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4.1	Irregular increment of House Rent	0.099
4.2	Non-completion of works and outstanding liabilities	4.309
	Total	4.408

4.1. IRREGULAR INCREMENT OF HOUSE RENT – NU. 0.099 MILLION

The Regional Trade and Industry Office (RTIO), Samdrup Jongkhar had hired two flats of Mr. Lungtuck for office spaces on lease. The Lessor instead of raising the rent by 10% which amounts to Nu. 1,100.00, had raised with lump sum amount of Nu. 4,000.00 thereby resulting in excess payment of rental charges by Nu. 0.099 million (Nu. 2,900 * 2 units * 17 months) for 17 months. (AIN: 16959; OB No.: 1; Accountabilities: Direct: Mani Raj Gurung, Accountant, EID No: 20180110884 & Mr. Lungtuck, CID No: 10905002404, TPN No.: LAP07423; Supervisory: Aiman Mahat, Regional Director, EID No: 8712048)

4.2. NON-COMPLETION OF WORKS & OUTSTANDING LIABILITIES – NU. 4.309 MILLION

The contract for construction of water supply from source to Reservoirs at Jigmeling Industrial Estate, Sarpang (Package E) was awarded to M/s Soenam Mebar Construction Pvt. Ltd. with the project duration of 15 months which was to be completed on 18 March 2018. The contractor despite providing time extension could not complete the work on time due to its failure to deploy required materials and workers on site. The contract was terminated on 5 July 2019 with imposition of applicable liquidity damages and 20% penalty on the value of incomplete works amounting to Nu. 4.309 million, which is still outstanding and the case is under arbitration. (AIN 16621; OB No.: 2; Accountability: Direct: M/s Soenam Mebar Construction Pvt. Ltd, CDB No: 6133 & Kushyog Subba, Project Engineer, CID No.: 11204001380; Supervisory: Kezang Deki, Chief Engineer, EID No.:200401011 & Karma Yangki, Project Manager, EID No.: 20170108548)

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 257.223 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 257.223 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
5.1	Undue payments to contractor	14.964
5.2	Retention of ERB fund in CD Account	242.259
	Total	257.223

5.1. UNDUE PAYMENT TO THE CONTRACTOR - NU. 14.964 MILLION

The Department of Industry (DoI), MoEA had made excess payment of Nu.14.964 million to M/s Ratnapung Construction for the construction of water supply from source till Dhamdum Industrial Park, Samtse (Package D). The work was not completed and the contract was terminated on 18 July 2019. The excess payment had occurred due to the differences in the amount of work executed and the total amount paid to the contractor including the advances. (AIN: 16621; OB No.: 1; Accountabilities: Direct: Sonam Wangchuk, Project Engineer, CID No.: 12008001786, Kinley Dorji, site Engineer, CID No.: 10713000909 & M/s Ratnapung Construction, CDB No.: 7872; Supervisory: Kezang Deki, Chief Engineer EID No.: 200401011 & Karma Yangki, Project Manager, EID No.: 20170108548)

5.2. RETENTION OF ERB FUND IN CD ACCOUNT - NU. 242.259 MILLION

The Department of Geology and Mines, MoEA had been retaining huge Environmental Restoration Fund amounting to Nu. 242.259 million in 113 CD accounts maintained with Bank of Bhutan although some mines/quarries were found to be inactive after completion of leased period, some due for restoration, some non-operational and some suspended. (AIN: 16509; OB No.: 6; Accountabilities: Direct: Sangay Dendup, Mining Engineer, EID No.: 20190112993; Supervisory: Tashi Phuntsho, Chief Engineer EID No.: 201001103)

3.1.4. MINISTRY OF FINANCE

During the year, the RAA had issued four audit reports of the Ministry of Finance (MoF), its departments and projects. There were 12 audit observations amounting to Nu. 4.695 million of which observations amounting to Nu. 2.215 million were either resolved as of 31 January 2021 or did not qualify for inclusion in the AAR 2020.

The significant unresolved irregularities amounted to Nu. 2.480 million as summarised below:

Category Code	Category Description	Nu. in million
3	Mismanagement	2.360
5	Shortfalls, lapses and deficiencies	0.120
	Total	2.480

3. MISMANAGEMENT – NU. 2.360 MILLION

The cases of mismanagement involving Nu. 2.360 million are as indicated below:

3.1. OUTSTANDING REVENUE - NU. 2.360 MILLION

- a) The Regional Revenue & Customs Office (RRCO), Bumthang had outstanding Bhutan Sales Taxes (BST) amounting to Nu.1.526 million to be collected from three Sales Tax Collecting Agents (business units) since 2018. The lapses had occurred due to inadequacies in control and follow-up mechanism. (AIN: 16909; OB No.: 2; Accountabilities: Direct: Mani Tenzin, EID No. 20150104952; Supervisory: J B Tamang, EID No. 8607062)
- b) The RRCO, Gelephu had outstanding Corporate Income Tax (CIT) and Business Income Tax (BIT) amounting to Nu. 0.834 million against various firms. The taxes were due since Income Year 2018 and 2019. The lapses had occurred due to inadequacies in control and follow-up mechanism. (AIN: 16841; OB No.: 6; Accountabilities: Direct: Dorji Wangchuk, Joint Collector, EID No.: 200201015; Supervisory: Ugyen Namgyel, Regional Director, EID No.: 9101155)

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.120 MILLION

The case of shortfalls, lapses and deficiencies involving Nu. 0.120 million is as indicated below:

5.1. OUTSTANDING ADVANCES - NU. 0.120 MILLION

The RRCO, Gelephu had outstanding personal and Public Works (PW) advances amounting to Nu. 0.120 million against various employees which had not been adjusted by the end of Financial Year. The lapses occurred due to lack of proper checks and controls in adjustment of advances to the employees. (AIN: 16841; OB No.: 5; Accountabilities: Direct: Kezang, CID No. 10709002188 &

3.1.5. MINISTRY OF FOREIGN AFFAIRS

During the year, the RAA had issued two audit reports of the Ministry of Foreign Affairs (MoFA), its departments and projects. There were nine audit observations amounting to Nu. 2.767 million of which Nu. 2.382 million were either resolved as of 31 January 2021 or did not qualify for inclusion in the AAR.

The significant unresolved irregularities amounted to Nu. 0.385 million as summarised below:

Category Code	Category Description	Nu. in million
5	Shortfalls, lapses and deficiencies	0.385
	Total	0.385

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU.0.385 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.385 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
5.1	Non-adjustment of Advance	0.297
5.2	Payment of salary while on EOL	0.088
	Total	0.385

5.1. NON-ADJUSTMENT OF ADVANCES – NU. 0.297 MILLION

The Royal Bhutanese Embassy, Bangkok had unadjusted advance amounting to Nu. 0.297 million. The Advances pertains to house rent advance of Nu. 0.097 million against M/s 59 Residence. There was also transportation & air ticket advance of Nu. 0.199 million against Mr. Chitem Tenzin which had not been adjusted. Some advances were carried forward since 2011. The lapses occurred due to lack of proper controls, verification and follow-up systems with regards to unadjusted advances. (AIN: 16539; OB No.: 1 i & 1 ii; Accountabilities: Direct: Thinley Norbu, EID No.: 200211057 & Chitem Tenzin, EID No.: 8708042; Supervisory: Tshering Lhaden, EID No.: 9602035; Gembo Dorji, EID No.: 9610061; Chitem Tenzin, EID No.: 8708042; Sonam Phuntsho, EID No.: 9901006 & Dechen Lhendup, EID No.: 9811015)

5.2. PAYMENT OF SALARY WHILE ON EOL - NU. 0.088 MILLION

The MoFA Secretariat, Thimphu had paid salary and allowances aggregating to Nu. 0.088 million to Mr. Namgay Thinley, Protocol Officer. The salary and allowance for 3 months was paid to the employee (Nu. 29,411* 3) though the employee was on Extra Ordinary Leave from 1 August 2018 till 31 August 2020. (AIN: 16561; OB No.: 5; Accountabilities: Direct: Namgay Thinley, Protocol Officer, EID No.: 200605009; Supervisory: Phuntsho Namgay, Sr. Finance Officer, EID No.: 200801136)

3.1.6. MINISTRY OF HEALTH

During the year, the RAA had issued five audit reports of the Ministry of Health (MoH), its departments and projects. There were 11 audit observations amounting to Nu. 7.195 million of

which observations amounting to Nu. 7.090 million were either resolved as of 31 January 2021 or did not qualify for inclusion in the AAR 2020.

The significant unresolved irregularities amounted to Nu. 0.105 million as summarised below:

Category Code	Category Description	Nu. in million
5	Shortfalls, lapses and deficiencies	0.105
	Total	0.105

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU.0.105 MILLION

The case of shortfalls, lapses and deficiencies involving Nu. 0.105 million is as indicated below:

5.1. OUTSTANDING ADVANCE – NU. 0.105 MILLION

The Department of Public Health (DoPH), MoH had paid advance amounting to Nu. 0.207 million to Mr. Ugyen Norbu, Assistant Information and Media Officer for World Health Day celebration at Merak, Tashigang in the financial year 2017-2018. However, the advance amounting to Nu. 0.105 million remained unadjusted even after lapse of 18 months after the closure of financial year (AIN: 16578; OB No.: 1; Accountabilities: Direct: Ugyen Norbu, Information and Media Officer, EID No.: 200605016; Supervisory: Dorji Phub, Program Analyst, EID No.: 8701026)

3.1.7. MINISTRY OF HOME AND CULTURAL AFFAIRS

During the year, the RAA had issued seven audit reports of the Ministry of Home and Cultural Affairs (MoHCA), its departments and projects. There were 18 observations amounting to Nu. 7.746 million of which observations amounting to Nu. 1.883 million were either resolved as of 31 January 2021 or did not qualify for inclusion in the AAR 2020.

The significant unresolved irregularities amounted to Nu. 5.863 million as summarised below:

Category Code	Category Description	Nu. in million
3	Mismanagement	0.705
4	Non-compliance to Laws and Rules	3.252
5	Shortfalls, lapses and deficiencies	1.907
	Total	5.864

3. MISMANAGEMENT – NU. 0.705 MILLION

The case of mismanagement involving Nu. 0.705 million is as indicated below:

3.1. EXPENDITURE WITHOUT BUDGET PROVISION – NU. 0.705 MILLION

The Department of Local Governance (DLG), MoHCA had spent Nu. 0.705 million for designing and purchase of Department Souvenir items from the project fund 'Capacity development of local government and fiscal decentralization'. However, there was no provision for such expenditure in the project agreement. (AIN: 16961; OB No.:1; Accountabilities: Direct: Sangay Dorji, Program Officer, EID No.: 20140103344; Supervisory: Melam Zangpo, Chief Program Officer, EID No.: 2101034)

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 3.251 MILLION

The cases of non-compliance to laws and rules involving Nu. 3.251 million is as indicated below:

Sl. No.	Observation in Brief	Nu. in million
4.1	Non-remittance of the concession ration's receipts	0.969
4.2	Non-maintenance of records for fund usage	1.988
4.3	Short Payment of Salary	0.068
4.4	Non-surrender of fund balance	0.153
4.5	Inadmissible payment of TA/DA	0.074
Total		3.252

4.1. NON-REMITTANCE OF CONCESSION RATION'S RECEIPTS – NU. 0.969 MILLION

The Royal Bhutan Police (RBP), Paro had not remitted Nu. 0.969 million that had been deducted from the salary of the individuals (RBP Personnel) who bought concession rations during the FY 2016-17, FY 2017-18 and FY 2018-19. The amount was used for meeting lock up ration bills, Police raising day expenses and other official entertainments. The lapses occurred due to not having specific budget line to book the expenses and due to lack of clear segregation in incurring expenditure and treatment of remittances for the concession rations. (AIN: 16750; OB No.:1; Accountabilities: Direct: Khandu Gyeltshen, Dedrim, PIN No.: 3895 & CID No.: 11810002233; Supervisory: Dorji Wangchuk, Superintendent of Police, PIN No.: 153 & CID No.: 10710001804)

4.2. NON-MAINTENANCE OF RECORDS FOR FUND USAGE – NU. 1.988 MILLION

The RBP, Paro had deducted Nu. 1.988 million from the salary of the RBP personnel as miscellaneous local deductions. However, no records were being maintained indicating how the fund being used. The lapses occurred due to lack of appropriate control mechanism, proper guidelines and standard operating procedures in usage of fund and documentation requirement. (AIN: 16750; OB No.:2; Accountabilities: Direct: Khandu Gyeltshen, Dedrim, PIN No.: 3895 & CID No.: 11810002233; Supervisory: Dorji Wangchuk, Superintendent of Police, PIN No.: 153 & CID No.: 10710001804)

4.3. SHORT PAYMENT OF SALARY - NU. 0.068 MILLION

The Regional Immigration Office (RIO), Phuntsholing had recruited temporary employees who were paid less than national minimum wage of Nu. 215 per day resulting to short payment of salary amounting to Nu. 0.068 million for 5 employees for 10 months. (AIN: 16469; OB No.: 2; Accountabilities: Direct: Jigme Dorji, Immigration Officer, EID No.: 20170107795; Supervisory: Sangay Tenzin, Regional Director, EID No.: 20061000)

4.4. NON-SURRENDER OF FUND BALANCE - NU. 0.153 MILLION

The RIO, Phuntsholing had renovated the Integrated Check Post at Chukka at Nu. 0.301 million from the total fund of Nu. 0.455 million received from Department of Law and Order(DoLO), MoHCA as deposit work. The balance fund of Nu. 0.153 million (Nu. 0.455 - Nu. 0.301)) was utilized for other works instead of surrendering to DoLO, MoHCA. (AIN: 16469; OB No.: 3; Accountabilities: Direct: Sangay Tenzin, Regional Director, EID No.: 20061000; Supervisory: Sangay Tenzin, Regional Director, EID No.: 20061000)

4.5. INADMISSIBLE PAYMENT OF TA/DA – NU. 0.074 MILLION

The DLG, MoHCA paid daily allowance amounting to Nu. 0.074 million to its staff and officials from Ministry of Home and Culture Affairs though the distance traveled was less than 10 km. The lapses was occurred due to lack of proper internal control system in payment of Daily Allowance (DA) and mileages. (AIN: 16575; OB No.: 1; Accountabilities: Direct: Kinley Tenzin, Dy. Chief Program Officer, EID No.: 200201063; Supervisory: Sonam Gyeltshen, Chief Program Officer, EID No.: 2101029)

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 1.907 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 1.907 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
5.1	Outstanding Advances	1.843
5.2	Excess Labor Charges	0.064
	Total	1.907

5.1. PAYMENT OF MILEAGE TO GUPS WITHOUT SUPPORTING DOCUMENTS - NU. 1.843 MILLION

The DLG, MoHCA had paid Nu. 1.843 million as mileage to 168 gups out of 193 gups who attended the 10th DT/GT Chairperson's conference held in Bumthang from 18 to 19 October 2019. However, the payment was made without proper supporting documents. (AIN: 16961; OB No.: 2; Accountabilities: Direct: Sonam Tshenley, Deputy Chief Program Officer, EID No.: 200401408; Supervisory: Kinley Tenzin, Chief Program Officer, EID No.: 200201063)

5.2. EXCESS LABOR CHARGES - NU. 0.064 MILLION

The Royal Heritage Musuem, Trongsa had paid excess labor charges of Nu. 0.064 million for the construction of office and Ku-nyer Quarter. The lapses had occurred due to lump-sum agreement of labor charges instead of basing on the bills of quantities. (AIN: 16601; OB No.: 5; Accountabilities: Direct: Sangay Wangdi, Accountant, EID No.: 201007220; Supervisory: Sangay Tashi, Officiating Chief Curator, EID No.: 200505008)

3.1.8. MINISTRY OF INFORMATION AND COMMUNICATION

During the year, the RAA had issued five audit reports of the Ministry of Information and Communication (MoIC), its departments and projects. There were 25 observations amounting to Nu. 17.241 million of which observatons amounting to Nu. 8.545 million were either resolved as of 31 January 2021 or did not qualify for inclusion in the AAR 2020.

The significant unresolved significant irregularities amounted to Nu. 8.696 million as summarised below:

Category Code	Category Description	Nu. in million
4	Non-compliance to laws and rules	0.582
5	Shortfalls, Lapses and deficiencies	8.114
	Total	8.696

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 0.582 MILLION

The cases of non-compliance to laws and rules involving Nu. 0.582 million are as indicated below:

4.1. WORKS NOT EXECUTED AS PER SPECIFICATION – NU. 0.582 MILLION

- a) The Road Safety and Transport Authority (RSTA), Gelephu had paid Nu. 0.173 million to M/s P Rinzin Construction for the Renovation of Structure taken over from Gaesho Lhayl Drangsang Tshogpa. The payment was made for the works not executed as per the specifications. The contractor had provided 0.50 mm CGI sheet instead of 0.63 mm CGI sheet. Further, semi-circular GI Gutter provided was not as per specification. (AIN: 16854; OB No.: 1.1; Accountabilities: Direct: Sonam Dorji, Engineer, EID No.: 20170107905 & M/s P. Rinzin Construction, CDB No.: 6047; Supervisory: Sonam Chopel, Chief RTO, EID No.: 200210018)
- b) The RSTA, Gelephu had paid Nu. 0.409 million to M/s KW Builders for the Renovation of main building and resurfacing of bus parking cum construction of bus shed. The payment was made for the works not executed as per the specifications. The contractor had provided 0.50 mm CGI sheet instead of 0.63 mm CGI sheet for the main building and bus shed. (AIN: 16854; OB No.: 2; Accountabilities: Direct: Sonam Wangmo, Assistant Engineer, EID No.: 200707065 & M/s KW Builders, CDB No.: 6497; Supervisory: Sonam Chopel, Chief RTO, EID No.: 200210018)

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 8.114 MILLION

The cases of shortfalls, Lapses and Deficiencies involving Nu. 8.114 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
5.1	Payments without completion of works	0.437
5.2	Differences in Budgetary release and expenditure	1.665
5.3	Excess Booking	2.512
5.4	Non-adjustment of PWA	3.500
	Total	8.114

5.1. PAYMENTS WITHOUT COMPLETION OF WORKS - NU. 0.437 MILLION

The Department of Air Transport (DoAT), Paro had made payment of Nu. 0.437 million to M/s Tshering Samdrup Construction Private Limited who had not completed the construction of car park and reservoir tank. The contractor was awarded the contract work of construction of security quarters at Paro and the additional works of site development works and construction of car park and reservoir tank. The lapses was occurred due to not having proper check and controls in verifying the admissibility of the contractor's claims (AIN: 16491; OB No.: 2.1; Accountabilities: Direct: Jamyang T Dorji, Executive Engineer, EID No.: 201101168 & M/s Tshering Samdrup Construction private Limited, CDB No.:1146; Supervisory: Ugyen Dorji, Principal Engineer, Chief Airport Development Division, DoAT, EID No.: 8908106)

5.2. DIFFERENCES IN THE BUDGETARY RELEASE AND EXPENDITURE- NU. 1.665 MILLION

The DoAT, Paro showed budgetary saving of Nu. 1.665 million from the actual budgetary release and prior year's PW advance. The payment for PW advances had been made from other budget heads including '8d' others and towards non-budgetary heads 9(e) Non-revenue and 9(f) Refundable deposit. (AIN: 16491; OB No.: 5.1; Accountabilities: Direct: Hari P. Sinchuri, Accounts Assistant-IV, DoAT, MoIC, EID No.: 9709049; Supervisory: Yogesh Sanyasi, Assist. Finance Officer, DoAT, MoIC, EID No.: 20170107794)

5.3. EXCESS BOOKING- NU.2.512 MILLION

The DoAT, Paro had made excess booking of Nu. 2.512 million under 8(d). Since the payment vouchers were not made available for audit verification, the audit team could not establish legitimacy and the correctness of the amount booked under '8d' others. (AIN: 16491; OB No.: 5.2; Accountabilities: Direct: Hari P. Sinchuri, Accounts Assistant-IV, DoAT, MoIC, EID No.: 9709049; Supervisory: Yogesh Sanyasi, Assist. Finance Officer, DoAT, MoIC, EID No.: 20170107794)

5.4. NON-ADJUSTMENT OF PWA- NU. 3.500 MILLION

The DoAT, Paro had not adjusted PW Advance amounting to Nu. 3.500 million against M/s Voluntary Artists Studio (VAST, Bhutan), Thimphu. The advance was given for the beautification of Airport. The lapses occurred due to inadequate follow-up action and lack of proper procedures in settlements of advances. Hence, the status and completion of the work stands unknown. (AIN: 16491; OB No.: 6; Accountabilities: Direct: Jamyang T Dorji, Executive Engineer, DoAT, MoIC, EID No.: 201101168; Supervisory: Karma Wangchuk, Director, DoAT, MoIC, EID No.: 9004059)

3.1.9. MINISTRY OF LABOR AND HUMAN RESOURCES

During the year, the RAA had issued three audit reports of the Ministry of Labor and Human Resources (MoLHR), its departments and projects. There were 25 audit observations amounting to Nu. 4.787 million of which observations amounting to Nu. 4.153 million were either resolved as of 31 January 2021 or did not qualify for inclusion in the AAR 2020.

The significant unresolved irregularities amounted to Nu. 0.634 million as summarised below:

Category Code	Category Description	Nu. in million
5	Shortfalls, lapses and deficiencies	0.634
	Total	0.634

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.634 MILLION

The case of shortfalls, lapses and deficiencies involving Nu. 0.634 million is as indicated below:

5.1. EXCESS PAYMENT TO CONTRACTOR – NU. 0.634 MILLION

The Department of Technical Education (DTE), MoLHR had made excess payment of Nu. 0.634 million to M/s Tshewang Construction Private Limited for the construction of Training Centre at JWPTI, Dekiling, Sarpang. The lapses had occurred due to failure to verify the admissibility of the claims made by the contractor. (AIN: 16508; OB No.: 1; Accountabilities: Direct: Lobzang Dorji, Site Engineer, EID No.:9001016; Thae Choden Dorji, Project Engineer, EID No.: 20150105009 & M/s Thsewang Construction Pvt. Ltd., CDB No.: 1032; Supervisory: Sangay Dorji, Chief Program Officer, EID No.: 9109013 & Pelden Tshering, Training Director, EID No.: 9011034)

3.1.10. MINISTRY OF WORKS AND HUMAN SETTLEMENT

During the year, the RAA had issued 11 audit reports of the Ministry of Works and Human Settlement (MoWHS). There were 97 observations amounting to Nu. 407.998 million of which

observations amounting to Nu. 62.185 million were either resolved as of 31 January 2020 or did not qualify for inclusion in the AAR 2021.

The significant unresolved irregularities amounted to Nu. 345.813 million as summarised below:

Category Code	Category Description	Nu. in million
4	Non-compliance to laws and rules	79.908
5	Shortfalls, lapses and deficiencies	265.905
Total		345.813

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 79.908 MILLION

The cases of non-compliance to laws and rules involving Nu. 79.908 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
4.1	Expenditure without Release	9.436
4.2	Non-production of acknowledgement receipts for remittances	2.858
4.3	Non-Recovery of dues after contract termination	22.914
4.4	Short Levy of Liquidity Damages	44.700
Total		79.908

4.1 EXPENDITURE WITHOUT RELEASE – NU. 9.436 MILLION

The Regional Office, Department of Roads (DOR), Phuntsholing had incurred expenditure of Nu. 9.436 million for the Asian Development Bank (ADB) funded project: South Asia Sub-Regional Economic Cooperation (SASEC) Transport, Trade Facilitation and Logistics Project. The expenditure incurred was from RGOB fund instead of Project Fund. The lapses had occurred due to lack of periodic reconciliation of expenditure vis-à-vis budgetary release of the ADB project and the RGoB funds. *(AIN: 16978; OB No.: 1; Accountabilities: Direct: Tilak Thara, Accounts Assistant, EID No.: 201007232; Supervisory: Kinzang Wangchuk, Project Coordinator, EID No.: 9807035)*

4.2 NON-PRODUCTION OF ACKNOWLEDGEMENT RECEIPTS FOR REMITTANCES – NU. 2.858 MILLION

The RO, DoR, Sarpang had remitted revenue amounting to Nu. 2.858 million pertaining to Tax Deducted at Source (TDS), House rents and Sales proceed to RRCO and National Housing Development Corporation Limited (NHDCL) for the FY 2018-19. However, no acknowledgement receipts of such remittance were being maintained. The lapses occurred due to inadequate monitoring and supervision, controls from the management and accounts. *(AIN: 16864; OB No.: 5.2; Accountabilities: Direct: Dhan Bdr. Rai, Accounts Assistant, EID No.: 8712041; Supervisory: Chet Bdr. Mongar, Chief Engineer, EID No.: 8908094)*

4.3 NON-RECOVERY OF DUES AFTER CONTRACT TERMINATION - NU. 22.914 MILLION

- a) The RO, DoR, Lingmethang had not recovered advances and dues amounting to Nu. 5.907 million from M/s Gongphel Construction Pvt. Ltd., Samtse for double lane works of the NEWH at Ngatshang – Korila though the contract was terminated on 6 August 2019. The lapses had occurred due to inadequate checks, controls and tracking system of the advances

while making payments to contractors. (AIN: 16769; OB No.: 2.4; Accountabilities: Direct: Nado, Accountant, EID No. 9709042 & M/s Gongphel Construction Pvt. Ltd., CDB No.: 2119; Supervisory: Karma Rinzin, Chief Engineer, EID No. 8908095)

- b) The RO, DoR, Lobesa had not recovered advances and dues amounting to Nu. 1 7.007 million against M/s U.P Construction Pvt. Ltd. for the contract work of improvement of road from Razhau to Nobding though the contract was terminated on 10 May 2019. The lapses occurred due to inadequate checks, controls and tracking system of the advance while making payments to contractors. (AIN: 16897; OB No.: 1; Accountabilities: Direct: Balaram Acharya, Executive Engineer, EID No. 908099 & M/s U.P Construction Pvt. Ltd., CDB No.: 3329; Supervisory: Karma Tenzin, Chief Engineer, EID No. 9009057)

4.4 SHORT/NON-LEVY OF LIQUIDATED DAMAGES - NU. 44.700 MILLION

The cases of short/Non-levy of liquidated damages include:

- a) The RO, DoR, Trongsa had not levied liquidated damages amounting to Nu. 6.669 million on M/s Rinson Construction Pvt. Ltd., Thimphu for delay in the construction of double lanning of NEWH, Package 3. The RO had levied liquidated damages amounting to Nu. 4.263 million against actual liable liquidated damages of Nu. 10.931 million. The Liquidated damages imposed was for 52 days only though the actual delay was 139 days. (AIN: 16832; OB No.: 8.1; Accountabilities: Direct: Kinzang Chopel, AE, EID No. 2107153 & M/s Rinson Construction Pvt. Ltd., CDB No. 1965 Supervisory: Ugyen Dorji, Chief Engineer, EID No. 9107094)
- b) The RO, DoR, Trongsa had not levied liquidated damages amounting to Nu. 6.159 million on M/s Gyalcon Infrastructure Pvt. Ltd., Thimphu for delay in the construction of double lanning of NEWH, Package 4. The RO had levied liquidated damages amounting to Nu. 4.261 million against actual liable liquidated damages of Nu. 10.420 million. The Liquidated damages imposed was for 54 days only though the actual delay was 141 days. (AIN: 16832; OB No.: 9.1; Accountabilities: Direct: Kinzang Chopel, AE, EID No. 2107153 & M/s Gyalcon Infrastructure Pvt. Ltd., CDB No. 1653 Supervisory: Ugyen Dorji, Chief Engineer, EID No. 9107094)
- c) The RO, DoR, Trongsa had not levied liquidated damages amounting to Nu. 9.952 million on M/s Welfare Construction Pvt. Ltd., Thimphu for delay in the construction of double lanning of NEWH, Package 9. The RO had not levied any Liquidated damages though the contractor was liable for the delays of 86 days. (AIN: 16832; OB No.: 13; Accountabilities: Direct: Tashi Dorji, AE, EID No. 2107149 & M/s Welfare Construction Pvt. Ltd., CDB No. 2294; Supervisory: Ugyen Dorji, Chief Engineer, EID No. 9107094)
- d) The RO, DoR, Trongsa had not levied liquidated damages amounting to Nu. 1.629 million on M/s Rinson Construction Pvt. Ltd., Thimphu for delay in the construction of double lanning of NEWH, Package 10. The RO had levied liquidated damages amounting to Nu. 8.891 million against the actual liable liquidated damages of Nu. 10.520 million. The Liquidated damages imposed was for 113 days only though the actual delay was 205 days. (AIN: 16832; OB No.: 14.1; Accountabilities: Direct: Tashi Dorji, AE, EID No. 2107149 & M/s Rinson Construction Pvt. Ltd., CDB No. 1965; Supervisory: Ugyen Dorji, Chief Engineer, EID No. 9107094)
- e) The RO, DoR, Trongsa had not levied liquidated damages amounting to Nu. 3.838 million on M/s Dungkar Construction Pvt. Ltd., Thimphu for delay in the construction of double

lanning of NEWH, Package 11. The RO had levied liquidated damages amounting to Nu.2 .768 million against actual liable liquidated damages of Nu. 6.606 million. The Liquidated damages imposed was for 39 days only though the actual delay was for 93 days. (AIN: 16832; OB No.: 15; Accountabilities: Direct: Sangay Dorji, AE, EID No. 9307024 & M/s Dungkar Construction Pvt. Ltd., CDB No. 3067; Supervisory: Ugyen Dorji, Chief Engineer, EID No. 9107094)

- f) The RO, DoR, Trongsa had not levied liquidated damages amounting to Nu. 2.426 million on M/s Dungkar Construction Pvt. Ltd., Thimphu for delay in the construction of double lanning of NEWH, Package 12. The RO had levied liquidated damages amounting to Nu. 3.958 million against actual liable liquidated damages of Nu. 6.384 million. The Liquidated damages imposed was for 62 days only though the actual delay was 147 days. (AIN: 16832; OB No.: 16; Accountabilities: Direct: Sangay Dorji, AE, EID No. 9307024 & M/s Dungkar Construction Pvt. Ltd., CDB No. 3067; Supervisory: Ugyen Dorji, Chief Engineer, EID No. 9107094)
- g) The RO, DoR, Trongsa had not levied liquidated damages amounting to Nu. 6.484 million on M/s Rinson Construction Pvt. Ltd., Thimphu for delay in the construction of double lanning of NEWH, Package 13. The RO had levied liquidated damages amounting to Nu. 5.297 million against actual liable liquidated damages of Nu. 11.781 million. The Liquidated damages imposed was for 60 days only though the actual delay was 147 days. (AIN: 16832; OB No.: 17; Accountabilities: Direct: Sangay Dorji, AE, EID No. 9307024 & M/s Rinson Construction Pvt. Ltd., CDB No. 1965; Supervisory: Ugyen Dorji, Chief Engineer, EID No. 9107094)
- h) The RO, DoR, Lingmethang had not levied liquidated damages amounting to Nu. 4.470 million against M/s Issup Construction Pvt. Ltd., Punakha for the upgradation of NEWH from Ura to Lingmethang Primary National Highway. The contractor was provided with the unjustifiable time extension of 225 days. (AIN: 16769; OB No.: 5.1; Accountabilities: Direct: Karma Wangdi, Assistant Engineer, EID No. 200507201 & M/s Issup Construction Pvt. Ltd., CDB No.: 4698; Supervisory: Wangdi, Executive Engineer, EID No. 9907161)
- i) The RO, DoR, Trashigang had not recovered liquidated damages and value of work not done amounting to Nu. 3.073 million from M/s Somson Company Pvt. Ltd., Mongar in the widening work of Duksum-Buyang (Package-I) at Trashiyangtse PNH though the contract was terminated on 21 November 2019. The lapses occurred due to inadequate checks, controls and tracking system of the advances and non-enforcement of contract terms and conditions of the contract against incomplete works. (AIN: 16649; OB No.: 1; Accountabilities: Direct: Chenga Dorji, AE-IV, EID No.: 201101247; Letho Dorji, AE, EID No.: 9204021 & M/s Somson Company Pvt. Ltd., CDB No.: 7827; Supervisory: Jambay Wangchuk, Chief Engineer, EID No.: 200401012)

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 265.905 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 265.905 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
5.1	Non Reconciliation of financial statement	28.933
5.2	Excessive Balance in Non-revenue Account	50.593

5.3	Huge Outstanding Advances	161.123
5.4	Adjustment of Performance Security without Bank Guarantee	7.900
5.5	Excess Payment to contractor	3.548
5.6	Inadmissible payment of price adjustment	0.821
5.7	Non-forfeiture of Performance Security	5.480
5.8	Non-recovery of insurance premium	0.249
5.9	Short Recoveries	3.178
5.10	Non-rectification of damaged work	0.242
5.11	Payment against collapsed retaining wall	0.539
5.12	Amount not recovered from contractors	3.300
	Total	265.905

5.1 NON-RECONCILIATION OF FINANCIAL STATEMENTS - NU. 28.933 MILLION

The Receipts and Payments Statement of the RO, DoR, Trongsa for the financial year 2018-2019 the showed difference between available fund and total expenditure amounting to Nu. 28.933 million. The differences were due to Non-reconciliation of “Non-revenue release & payments”, “Refundable Deposit Account”, “Miscellaneous Receipts & Payments (8.d others)” and “Difference in stock”.

There was a short deposit of receipts on account of deposits works amounting to Nu. 17.827 million and a sum of Nu. 2.039 was not paid although releases were obtained from DPA. In addition, there was a short deposit into Refundable Deposit Account of Nu. 0.262 million and the refunds of Refundable monies amounting to Nu. 7.242 million were made without obtaining the releases from DPA. Further, in stock there was total receipt of Nu.187.621 million against the total issue of Nu.177.951 million. *(AIN: 16832; OB No.: 1; Accountabilities: Direct: Tsheten Wangchuk, Accountant, EID No.: 9404034; Supervisory: Ugyen Dorji, Chief Engineer, EID No.: 9107094)*

5.2. EXCESSIVE BALANCE IN NON-REVENUE ACCOUNT – NU. 50.593 MILLION

The RO, DoR, Trongsa had a total non-revenue account balance amounting to Nu. 50.593 million. This was mainly resulted due to non-conduct of periodic reconciliation of the financial statements resulting in such huge differences. *(AIN: 16832; OB No.: 2; Accountabilities: Direct: Tsheten Wangchuk, Accountant, EID No.: 9404034; Supervisory: Ugyen Dorji, Chief Engineer, EID No.: 9107094)*

5.3 OUTSTANDING ADVANCE - NU. 161.123 MILLION

The cases of outstanding advance is as follows:

- a) The RO, DoR, Trongsa had not adjusted outstanding advance of Nu. 6.834 million against M/s Druk Lhayul Construction Pvt. Ltd. for the contract work of double lanning of NEWH, Package 5 even after the termination of the contract. The RO had failed to make necessary adjustment though the contract was terminated on 25 February 2019 after four months from the liquidated damages period. *(AIN: 16832; OB No.: 10; Accountabilities: Direct: Tashi Dorji, AE, EID No.: 2107149 & M/s Druk Lhayul Construction Pvt. Ltd., CDB No.: 1664; Supervisory: Ugyen Dorji, Chief Engineer, EID No.: 9107094)*
- b) The RO, DoR, Trongsa had not adjusted outstanding advance of Nu. 17.646 million against M/s Raven Builders & Co. Pvt. Ltd. for the contract work of double lanning of NEWH, Package 6 even after the termination of the contract on 3 June 2019. The RO had failed to make necessary adjustment though the contract was terminated after four months from the

liquidated damages period. (AIN: 16832; OB No.: 11.2; Accountabilities: Direct: Tashi Dorji, AE, EID No.: 2107149 & M/s Raven Builders & Co. Pvt. Ltd., CDB No.: 2556; Supervisory: Ugyen Dorji, Chief Engineer, EID No.: 9107094)

- c) The RO, DoR, Trongsa had not adjusted outstanding advance of Nu. 15.558 million against M/s Druk Lhayul Construction Pvt. Ltd. for the contract work of black topping and construction of L-drain at Nabji Korphu GC road. The advance was not adjusted even after the termination of the contract on 25 February 2019. (AIN: 16832; OB No.: 19.1; Accountabilities: Direct: Phuntsho, AE, EID No.: 2007045 & M/s Druk Lhayul Construction Pvt. Ltd., CDB No.: 1664; Supervisory: Ugyen Dorji, Chief Engineer, EID No.: 9107094)
- d) The RO, DoR, Lingmithang had outstanding advances amounting to Nu. 64.799 million against various contractors. The lapses occurred due to lack of monitoring over the outstanding balances against the parties concerned and their necessary adjustment/recoveries. (AIN: 16769; OB No.: 1; Accountabilities: Direct: Nado, Accountant, EID No. 9709042; Supervisory: Karma Rinzin, Chief Engineer, EID No. 8908095)
- e) The RO, DoR, Tingtibi had outstanding advances amounting to Nu. 55.163 million against various contractors. The major outstanding advances pertain to supply of bitumen which remained unadjusted since FY 2012-2013. The lapses occurred due to the management's failure to watch over the outstanding balances against each of the parties while settling the contractor's claims. (AIN: 16873; OB No.: 5; Accountabilities: Direct: Tenzin Wangchuk, Accountant, EID No.: 9404031 & Thinley Namgyel, Accountant, EID No.: 9604090; Supervisory: Karma Dorji, Chief Engineer, EID No.: 9107122)
- f) The RO, DoR, Sarpang had outstanding advance amounting to Nu. 1.123 million against M/s Karma Construction Private Limited for the construction of Abutment and RT works at Taklai Chhu on Umling GC road. The outstanding advances pertain to payment of 75% material secured advance made to the contractor. The lapses were due to the management's failure to watch over the outstanding balances against the earlier advances while settling the contractor's claims. (AIN: 16864; OB No.: 8; Accountabilities: Direct: Late Kishore Chhetri, Junior Engineer, EID No.: 9001126; Supervisory: Sonam Namgyel Wangdi, Executive Engineer, EID No.: 8907168)

5.4 ADJUSTMENT OF PERFORMANCE SECURITY WITHOUT BANK GUARANTEE – NU. 7.900 MILLION

The RO, DoR, Trongsa had shown Performance Security valuing Nu. 7.900 million which was in the form of Bank Guarantee as deducted/adjusted from the total recoverable dues upon termination of contract with M/s Raven Builders & Co. Pvt. Ltd. pertaining to the contract work of double lanning of NEWH, Package 6. The deductions/adjustments were effected without the proof of realisations of the amount and account in the books of accounts. The case is under arbitration. (AIN: 16832; OB No.: 11.1; Accountabilities: Direct: Tsheten Wangchuk, Accountant, EID No.: 9404034; Supervisory: Ugyen Dorji, Chief Engineer, EID No.: 9107094)

5.5 EXCESS PAYMENT TO CONTRACTOR - NU. 3.548 MILLION

The cases of excess payment are as follows:

- a) The RO, DoR, Trongsa had made excess payment of Nu. 0.310 million to M/s Diana Pvt. Ltd., Thimphu for the contract of improvement works on Trongsa-Gelephu Primary National

High Way, Package 2. The excess payment was due to non-adjustment of the advances from running bills. (AIN: 16832; OB No.: 20.1; Accountabilities: Direct: Tashi Dorji, AE, EID No.: 2107149 & M/s Diana Pvt. Ltd., CDB No.: 7876; Supervisory: Ugyen Dorji, Chief Engineer, EID No.: 9107094)

- b) The RO, DoR, Tingtibi had made excess payment of Nu. 0.323 million to M/s Dhe Khor Construction, Zhemgang for the earth excavation work in construction of Yujugang Bailly Bridge on Therang-Shingkhari GC road. The excess payment occurred due to non-execution of works as per drawing and designs. (AIN: 16873; OB No.: 1; Accountabilities: Direct: Ngawang Namgyel, Junior Engineer, EID No.: 20140704538; Supervisory: Sangay Duba, Engineer, EID No.: 20150105089)
- c) The RO, DoR, Tingtibi had made excess payment of Nu. 0.322 million to M/s Singye Construction Pvt. Ltd., Thimphu for blacktopping work of Dakpai-Buli-Nimshong Road. The excess payment occurred due to difference in quantities of work executed and paid for. (AIN: 16873; OB No.: 3.2; Accountabilities: Direct: Narayan Timsina, EID No.: 2011011243; Sangay Duba, Engineer, EID No.: 20150105089 & M/s Singye Construction, CDB No.: 2148; Supervisory: Snagay Duba, Engineer, EID No.: 20150105089; Guman Singh Chettri, EID No.: 9207085 & Karma Dorji, Chief Engineer, EID No.: 9107122)
- d) The RO, DoR, Sarpang had made excess payment of Nu. 0.132 million to M/s U.N.D Construction Pvt. Ltd., Thimphu for the construction of abutment of Bararey SDR Bailey Bridge at Nichula GC road. The excess payment occurred due to payment for rebars both for initial drawings and as well as for revised drawings. (AIN: 16864; OB No.: 1; Accountabilities: Direct: Leki, Assistant Engineer-I, EID No.: 2007046 & M/s U.N.D Construction Pvt. Ltd., CDB No.: 3392; Supervisory: Chet Bdr. Mongar, Chief Engineer, EID No.: 8908094)
- e) The RO, DoR, Sarpang had made excess payment of Nu. 1.686 million to various parties for hiring of machineries for the construction of Ossay bypass road under Batasey Sub Division for formation cutting of Primary National Highway. The excess payment occurred due to payment of hire charges during Government Holidays and weekends, in contravention to the contract agreement. (AIN: 16864; OB No.: 9.1; Accountabilities: Direct: Ugyen Tashi, Junior Engineer, EID No.: 20130101898; Supervisory: Sonam Namgay Wangdi, Executive Engineer, EID No.: 8907168)
- f) The RO, DoR, Lobesa had made excess payment of Nu. 0.775 million to various contractors in the construction of RRM walls along Wangdue-Wakleytar PNH. The excess payment occurred due to wrong calculation of measurements of the RRM wall. (AIN: 16552; OB No.: 1; Accountabilities: Direct: Monita Tamang, Junior Engineer, EID No.: 201101246; Cheten Tshering, Principal Engineer, EID No.: 880035; M/s Diana Pvt. Ltd., CDB No.: 7876; M/s Sha Samphel Construction, CDB No.: 1402; M/s Druk Kuenphen Builders, CDB No.: 2875; M/s Tshering Zamling Construction, CDB No.: 5021 & Sajan Rai, Labor Contractor, CID No.: 21812000053; Supervisory: Karma Tenzin, Chief Engineer, EID No.: 9009057)

5.6 INADMISSIBLE PAYMENT OF PRICE ADJUSTMENT - NU. 0.821 MILLION

The RO, DoR, Lingmethang had made inadmissible payment of price adjustment amounting to Nu. 0.865 million to M/s Issup Construction Pvt. Ltd., Punakha in the road upgradation work from Lingmethang to Ura. However, the RO office had recovered Nu. 0.044 million leaving a balance of Nu. 0.821 million. The lapses had occurred due to unjustified time extension. (AIN: 16769; OB No.:

5.2; Accountabilities: Direct: Karma Wangdi, Assistant Engineer, EID No. 200507201 & M/s Issup Construction Pvt. Ltd., CDB No.: 4698; Supervisory: Wangdi, Executive Engineer, EID No. 9907161)

5.7 NON-FORFEITURE OF PERFORMANCE SECURITY – NU. 5.480 MILLION

The RO, DoR, Limithang had not forfeited 10% Performance Security amounting to Nu. 5.480 million from M/s Gongphel Construction Pvt. Ltd., Thimphu for the double lane works of the NEWH of Ngatshang - Korila. The contract was terminated on 6 August 2019 due to the failure to deploy key technical personnel and equipment at site and poor work progress. (AIN: 16769; OB No.: 2.2; Accountabilities: Direct: Tenzin, Executive Engineer, EID No. 200307010 & M/s Gongphel Construction Pvt. Ltd., CDB No.: 2119; Supervisory: Karma Rinzin, Chief Engineer, EID No. 8908095)

5.8 NON-RECOVERY OF INSURANCE PREMIUM – NU. 0.249 MILLION

The RO, DoR, Lingmethang had made payment of insurance premium amounting to Nu. 0.249 million on behalf of the M/s Gongphel Construction Pvt. Ltd., Thimphu for the double lane works of the NEWH of Ngatshang - Korila. However, the insurance premium was not recovered from the contractor. (AIN: 16769; OB No.: 2.3; Accountabilities: Direct: Tenzin, Executive Engineer, EID No. 200307010 & M/s Gongphel Construction Pvt. Ltd., CDB No.: 2119; Supervisory: Karma Rinzin, Chief Engineer, EID No. 8908095)

5.9 SHORT RECOVERIES - NU. 3.178 MILLION

- a) The RO, DoR, Tingtibi had made short recoveries of Nu. 2.559 million from various contractors pertaining to the bitumen costs. The lapses occurred due to poor checks, controls and verification over outstanding dues recoverable from contractors while settling the claims. (AIN: 16873; OB No.: 2.1; Accountabilities: Direct: Karma Penjor, Store Assistant, EID No.: 9011074; Needup Dorji, EID No.: 8908092 & Choni Jamtsho, EID No.: 200901085; Supervisory: Karma Dorji, Chief Engineer, EID No.: 9071222; Tenzin Wangchuk, Accountant, EID No.: 9404031; Karma Penjor, Store Assistant, EID No.: 9011074 & Thinley Namgyel, Accountant, EID No.: 9604090)
- b) The RO, DoR, Tingtibi had made short recoveries of Nu. 0.051 million from M/s Singye Construction Pvt. Ltd., Thimphu from blacktopping work of Dakpai-Buli-Nimshong Road. The short recoveries pertain to transportation of loose soils. The lapses occurred due to deduction of 15% voids as against the applicable 20% voids. (AIN: 16873; OB No.: 3.3; Accountabilities: Direct: Narayan Timsina, EID No.: 2011011243; Sangay Duba, Engineer, EID No.: 20150105089 & M/s Singye Construction, CDB No.: 2148; Supervisory: Snagay Duba, Engineer, EID No.: 20150105089; Guman Singh Chettri, EID No.: 9207085 & Karma Dorji, Chief Engineer, EID No.: 9107122)
- c) The RO, DoR, Phuntsholing had not recovered advances and dues amounting to Nu. 0.568 million from M/s Diana Pvt. Ltd. from the BT work of Mertsemo to Jungley GC road though the contract was terminated on 16 August 2019. The lapses was due to not having proper checks, controls and tracking system of the advance while making payments to contractors. (AIN: 16453; OB No.: 1.4; Accountabilities: Direct: Yam Kumar, Junior Engineer, EID No.: 201420720527 & M/s Diana Pvt. Ltd., CDB No.: 7876; Supervisory: Naten Tshering, Assistant Engineer, EID No.: 9907117 & Dorji Wangdi, Chief Engineer, EID No.: 8601100)

5.10. NON-RECTIFICATION OF DAMAGED WORK – NU. 0.242 MILLION

The RO, DoR, Phuntsholing had not recovered or made the contractor to rectify the damaged works valuing to Nu. 0.242 million against M/s Yeshey T. Denkar for the BT work of Ganglakha to Dungna GC road. The lapses was due to not having proper checks, controls and supervision in execution of works and improper procedures in handing-taking of the completed works. (AIN: 16453; OB No.: 1.5; Accountabilities: Direct: Yam Kumar, Junior Engineert, EID No.: 201420720527 & M/s Yeshey T. Denkar, CDB No.: 4266; Supervisory: Naten Tshering, Assistant Engineer, EID No.: 9907117 & Dorji Wangdi, Chief Engineer, EID No.: 8601100)

5.11. PAYMENT AGAINST COLLAPSED RETAINING WALL – NU. 0.539 MILLION

The RO, DoR, Lobesa had made payment of Nu. 0.539 million to M/s Druk Kuenphen Builders, Thimphu for the construction of retaining wall (panel no. 26) along Wangdue-Wakleytar PNH. However, the retaining wall constructed was washed away by the landslide few days after its completion. (AIN: 16552; OB No.: 2; Accountabilities: Direct: Monita Tamang, Junior Engineer, EID No.: 201101246; Cheten Tshering, Principal Engineer, EID No.: 880035; M/s Druk Kuenphen Builders, CDB No.: 2875; Supervisory: Karma Tenzin, Chief Engineer, EID No.: 9009057)

5.12. AMOUNT NOT RECOVERED FROM CONTRACTORS – NU. 3.300 MILLION

The RO, DoR, Lobesa had not recovered Nu. 3.300 million from various contractors. The amount recoverable pertains to the cost of empty bitumen and emulsion barrels. The empty barrels are sold at Nu. 500 per barrels. However, the contrators had neither returned the empty barrels to RO nor paid the cost of barrels. (AIN: 16552; OB No.: 8; Accountabilities: Direct: Kinga Zangpo, Engineer, EID No.: 20180111247; M/s D'Kans Construction, CDB No.: 3226; Sonam Yangki, JE, EID No.: 20140704528; M/s Arjun Construction, CDB No.: 2377; Karma Phuntsho, JE, EID No.: 20140704534; M/s Chador T Construction, CDB No.: 7399; M/s Tshering Samdrup Construction, CDB No.: 1146; M/s Wangs Construction, CDB No.: 7646; M/s R.D Construction, CDB No.: 2160; M/s Druk Karzey Construction, CDB No.: 6972; Monita Tamang, JE, EID No.: 201101246 & Subas Rai, JE, EID No.: 20130101905; Supervisory: Karma Tenzin, Chief Engineer, EID No.: 9009057; Cheten Tshering, Principal Engineer, EID No.: 880035; Karchung, EE, EID No.: 9907116 & Ugyen Dorji, EE, EID No.: 9207049)

3.2. DZONGKHAG ADMINISTRATIONS

During the year, 16 Dzongkhags Administration had unresolved irregualrities amounting to Nu. 55.953 million as follows:

3.2.1 BUMTHANG DZONGKHAG

The significant unresolved irregularities amounted to Nu. 2.715 million as summarized below:

Category Code	Category Description	Nu. in million
5	Shortfalls, lapses and deficiencies	2.715
	Total	2.715

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 2.715 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 2.715 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
5.1	Non-deduction of voids	0.250

5.2	Overpayment due to incorrect rate analysis	0.520
5.3	Excess payment	1.868
5.4	Non-installation of projector components	0.077
Total		2.715

5.1 NON-DEDUCTION OF VOIDS - NU. 0.250 MILLION

The Dzongkhag Administration, Bumthang had not deducted 166.88 m³ of voids amounting to Nu. 0.250 million from M/s Yarphe Builders, Zhemgang in the construction of DYT Hall. The lapse had occurred due to non-deduction of 20% voids for the transportation of excavated earth. (AIN: 16907; OB No.:1.2; Direct Accountabilities: Pema Letho, Engineer, EID No. 20150105051; M/s Yarphe Builders, Zhemgang, CDB No. 7963; Supervisory: Yeshey Dorji, Dzongkhag Engineer, EID No. 9307017)

5.2 OVERPAYMENT DUE TO INCORRECT RATE ANALYSIS - NU. 0.520 MILLION

The Dzongkhag Administration, Bumthang had made excess payment of Nu. 0.520 million to M/s Yarphe Builders, Zhemgang for the construction of DYT Hall. The overpayment occurred due to incorrect rate analysis for varied items as the average percentage above or below the applicable Bhutan Schedule of Rates (BSR) quoted by the contractor was not taken into consideration. (AIN: 16907; OB No.:1.3; Direct Accountabilities: Pema Letho, Engineer, EID No. 20150105051; M/s Yarphe Builders, Zhemgang, CDB No. 7963; Supervisory: Yeshey Dorji, Dzongkhag Engineer, EID No. 9307017)

5.3 EXCESS PAYMENT - NU. 1.869 MILLION

- a) The Dzongkhag Administration, Bumthang had made excess payment of Nu. 0.571 million to M/s Yarphe Builders, Zhemgang in the construction of DYT Hall. The lapses had occurred due to differences in quantities of works executed and paid for in providing and laying of CRM in superstructure and site development works for RRM wall. Excess payment of Nu. 0.181 million and Nu. 0.390 million were noted for CRM and RRM works respectively. (AIN: 16907; OB No.:1.4, 1.5; Direct Accountabilities: Pema Letho, Engineer, EID No. 20150105051; M/s Yarphe Builders, Zhemgang, CDB No. 7963; Supervisory: Yeshey Dorji, Dzongkhag Engineer, EID No. 9307017)
- b) The Dzongkhag Administration, Bumthang had made excess payment of Nu. 0.748 million to M/s Construction Development Corporation Limited in the improvement and construction of the existing urban road from Wangdicholing Hospital junction to Kurjee Chakhar. The excess payment had occurred due to difference in the quantities executed and paid for. (AIN: 16907; OB No.:2; Direct Accountabilities: Pema Letho, Engineer, EID No. 20150105051; M/s Construction Development Corporation Ltd., CDB No. 5367; Supervisory: Tharchen, Dzongkhag Engineer, EID No. 9707053)
- c) The Dzongkhag Administration, Bumthang had made excess payment of Nu. 0.550 million on account of compensation payments to affected owners in the implementation of Local Area Plan. Nu. 0.162 million was paid in excess to Mrs. Wangmo, M/s Mountain Lodge and Nu. 0.266 million was paid to Mrs. Tshering Wangmo. The excess payment had occurred due to difference in the quantities paid for and actual quantities of structures. (AIN: 16907; OB No.:5.2, 5.3; Direct Accountabilities: Pema Letho, Site Engineer, EID No. 20150105051; Supervisory: Tshewang Penjor, Municipal Engineer, EID No. 2108076)

5.4 NON-INSTALLATION OF PROJECTOR COMPONENTS - NU. 0.077 MILLION

The Dzongkhag Administration, Bumthang had made payments amounting to Nu. 0.077 million for installation of projector components in DYT Hall. However, during the joint physical verification, it was noted that projector components were not installed at site. *(AIN: 16907; OB No.:1.8; Direct Accountabilities: Rinzin Wangmo, Engineer, EID No. 9607049; M/s Yarphe Builders, Zhemgang, CDB No. 7963; Supervisory: Yeshey Dorji, Dzongkhag Engineer, EID No. 9307013)*

3.2.2 CHUKHA DZONGKHAG

The significant unresolved irregularities amounted to Nu. 2.954 million as summarized below:

Category Code	Category Description	Nu. in million
4	Non-compliance to laws and rules	0.250
5	Shortfalls, lapses and deficiencies	2.704
Total		2.954

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 0.250 MILLION

The case of non-compliances to laws and rules involving Nu. 0.250 million is as indicated below:

4.1 LOAN SANCTIONED FROM MENLAM CHHENMO ACCOUNT - NU. 0.250 MILLION

The Dzongkhag Administration, Chukha had sanctioned loan amounting to Nu. 0.250 million to Mr. Passang Tshering, Gup, Metakha Gewog from Menlam Chhenmo Account. The borrower failed to liquidate the principal amount along with interest within six months as agreed from the loan sanctioned date. *(AIN: 16712; OB No.:10.2; Direct Accountabilities: Passang Tshering, Gup, CID No. 20210000462; Supervisory: Tshering Nidup, Gup, CID No. 10203002306, Ugyen Choda, Culture Officer, EID No. 200905024)*

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 2.704 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 2.704 million is as indicated below:

Sl. No.	Observation in Brief	Nu. in million
5.1	Non recovery of outstanding advances upon termination of contract	1.642
5.2	Double payment in slab reinforcement	0.171
5.3	Excess payments	0.891
Total		2.704

5.1 NON-RECOVERY OF OUTSTANDING ADVANCES UPON TERMINATION OF CONTRACT - NU.1.642 MILLION

The Dzongkhag Administration, Chukha had not recovered outstanding advance amounting to Nu. 1.642 million from M/s Druk Zorig Gongphel Construction, Thimphu pertaining to the construction of additional facilities which included (120 bedded hostel, 12 units class room, four units staff quarter, football ground and basketball ground) at Pakshikha Central School upon termination of the contract. Although the Dzongkhag subsequently forfeited the contractor's performance security, retention money and the adjustment of final bill, the amount recoverable were not sufficient to adjust the outstanding advances. *(AIN: 16712; OB No.:1.1; Accountabilities: Direct: Dewas Biswa, AE, EID No. 20140103469; M/s Druk Zorig Gongphel Construction, CDB No. 1831; Supervisory: Tshering Chopel, DE, EID No. 8808013)*

5.2 DOUBLE PAYMENT IN SLAB REINFORCEMENT - NU. 0.171 MILLION

The Dzongkhag Administration, Chukha had made double payments amounting to Nu. 0.171 million to M/s Druk Zorig Gongphel Construction, Thimphu in the construction of additional facilities which included (120 bedded hostel, 12 units class room, four units staff quarter, football ground and basketball ground) at Pakshikha Central School. The lapses had occurred due to payment of slab reinforcement works for bottom rebar in second floor twice indicating failure on the part of site engineer to exercise due diligence. (AIN: 16712; OB No.:1.2; Accountabilities: Direct: Dewas Biswa, AE, EID No. 20140103469; M/s Druk Zorig Gongphel Construction, CDB No. 1831; Supervisory: Tshering Chopel, DE, EID No. 8808013)

5.3 EXCESS PAYMENTS - NU. 0.891 MILLION

- a) The Dzongkhag Administration, Chukha had made excess payments amounting to Nu. 0.239 million to M/s Druk Gangjung Construction, Thimphu for providing and laying 250mm concrete brick works in the construction of 120 bedded hostel at Pakshikha Central School. The excess payments had occurred due to difference in the quantities paid for and actually executed at site. (AIN: 16712; OB No.:2.1; Accountabilities: Direct: Dewas Biswa, AE, EID No. 20140103469; M/s Druk Gangjung Construction, CDB No. 4293; Supervisory: Tshering Chopel, DE, EID No. 8808013)
- b) The Dzongkhag Administration, Chukha had made double payments amounting to Nu. 0.128 million to M/s Druk Gangjung Construction, Thimphu in the construction of 120 bedded hostel and football ground at Pakshikha Central School. The excess payments had occurred due to double payment for providing and fixing of TMT bars for top floor slab. (AIN: 16712; OB No.:2.2; Accountabilities: Direct: Dewas Biswa, AE, EID No. 20140103469; M/s Druk Gangjung Construction, CDB No. 4293; Supervisory: Tshering Chopel, DE, EID No. 8808013)
- c) The Dzongkhag Administration, Chukha had made double payments amounting to Nu. 0.283 million to M/s Khuju Construction, Sarpang in the construction of 12 units classroom in Pakshikha Central School. Upon termination of contract with M/s Druk Zorig Gongphel Construction, Thimphu, the remaining works were awarded to M/s Khuju Construction, Sarpang. The excess payments had occurred due to double payment for item of works which were already executed and paid to the former contractor. (AIN: 16712; OB No.:3.1; Accountabilities: Direct: Dewas Biswa, AE, EID No. 20140103469; M/s Khuju Construction, CDB No. 4193; Supervisory: Tshering Chopel, DE, EID No. 8808013)
- d) The Dzongkhag Administration, Chukha had made excess payments amounting to Nu. 0.241 million to M/s Khuju Construction, Sarpang for providing and laying 250mm concrete brick works in the construction of 12 units classroom in Pakshikha Central School. The excess payments had occurred due to difference in the quantities paid for and actually executed at site. (AIN: 16712; OB No.:3.2; Accountabilities: Direct: Dewas Biswa, AE, EID No. 20140103469; M/s Khuju Construction, CDB No. 4193; Supervisory: Tshering Chopel, DE, EID No. 8808013)

3.2.3 LHUENTSE DZONGKHAG

The significant unresolved irregularities amounted to Nu. 8.204 million as summarized below:

Category Code	Category Description	Nu. in million
4	Non-compliance to laws and rules	3.430

5	Shortfalls, lapses and deficiencies	4.774
	Total	8.204

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 3.430 MILLION

The cases of non-compliance to laws and rules involving Nu. 3.430 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
4.1	Non-refund of security deposit	0.722
4.2	Payment made against photocopied bills	2.117
4.3	Inadmissible grant of time extension	0.591
	Total	3.430

4.1 NON-REFUND OF SECURITY DEPOSITS - NU. 0.722 MILLION

The Dzongkhag Administration, Lhuentse had not refunded the 10% security deposits amounting to Nu. 0.722 million to various contractors as per the financial statements for 2018-2019. Despite having completed the works and serving the defect liability period, contractors had not claimed the amount. *(AIN: 16997; OB No.:1.1; Accountabilities: Direct: Sonam Choden, Accountant, EID No. 201007207; Lungten Peldon, Accountant, EID No. 201007205; Supervisory: Jagat Bdr. Ghalley, Gup, CID No. 11215001303)*

4.2 PAYMENT MADE AGAINST PHOTOCOPIED BILLS - NU. 2.117 MILLION

The Dzongkhag Administration, Lhuentse had made payments of Nu. 2.117 million on duplicate bills for the procurement of Korean made LED from M/s. Hurry bird, Thimphu. Although the supplier had not submitted the original bills, the payment had been approved and disbursed. *(AIN: 16997; OB No.:4.2; Accountabilities: Direct: Tashi Dhendup, Assistant Procurement Officer, EID No. 20160106508; Supervisory: Kinley Dorji, Dzongrab, EID No. 9808131)*

4.3 INADMISSIBLE GRANT OF TIME EXTENSION - NU. 0.591 MILLION

The Dzongkhag Administration, Lhuentse had granted inadmissible time extensions of 94 days to M/s Sonam Jamtsho & Bros Construction, Lhuentse, in the the construction of permanent structures from Khoma to Khomadung under Khoma Gewog. The hindrances for difficulties due to monsoon, poor geographical condition and heavy rainfall were not within the contract provisions and hence liable for liquidated damages of Nu. 0.591 million for delay of 43 days. *(AIN: 16997; OB No.:10.1; Accountabilities: Direct: Jambay Wangchuk, Dzongdag, EID No. 9101142; Kelzang Lhendrup, DE, EID No. 9707074; Sither Tshering, Gup, CID No. 10603002043; Kelzang Wangdi, GAO, EID No. 200803030; Nima Dorji, Accounts Assistant, EID No. 20141104864; Chempo, AMCO, CID No. 11607000052; Sonam Dargay, Khoma Tshogpa, CID No. 10603001508; M/s. Sonam Jamtsho & Bros Construction, CDB No. 3248; Supervisory: Jambay Wangchuk, Dzongda, EID No. 9101142; Sither Tshering, Gup, CID No. 10603002043)*

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 4.774 MILLION

The case of shortfalls, lapses and deficiencies involving Nu. 4.774 million is as indicated below:

5.1 NON-ACCOUNTAL OF STOCK - NU. 4.774 MILLION

The Dzongkhag Administration, Lhuentse had failed to account the inventories worth Nu. 4.774 million procured from the Royal Textile Academy, Thimphu. Further, the materials/goods were not handed over to the caretaker of the Museum. (AIN: 16997; OB No.:4.1; Accountabilities: Direct: Tashi Dhendup, Assistant Procurement Officer, EID No. 20160106508; Supervisory: Kinley Dorji, Dzongrab, EID No. 9808131)

3.2.4 MONGAR DZONGKHAG

The significant unresolved irregularities amounted to Nu. 0.230 million as summarized below:

Category Code	Category Description	Nu. in million
5	Shortfalls, lapses and deficiencies	0.230
	Total	0.230

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.230 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.230 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
5.1	Inadmissible payment of TA/DA	0.137
5.2	Excess disbursement of stipend	0.093
	Total	0.230

5.1 INADMISSIBLE PAYMENT OF TA/DA -NU. 0.137 MILLION

The Dzongkhag Administration, Mongar had made excess payment of TA/DA to election officials amounting to Nu. 0.137 million. The officials on election duty covering an average distance of 100 km per day for 65 days of tour indicated that claims were tailored to maximize monetary gains which does not rationally correlate with prudence and feasibility of undertaking such travel programs. Further, travel arrangements were not rationalized through car pooling. (AIN: 16955; OB No.:1.2; Direct Accountabilities: Annexed; Supervisory: Kuenga, Election officer, EID No. 201008001)

5.2 EXCESS DISBURSEMENT OF STIPEND - NU. 0.093 MILLION

The Dzongkhag Administration, Mongar had released excess stipend amounting to Nu. 0.093 million to Drametse Central School. The stipend payment pertained to September 2018. The stipend payment of Nu. 0.414 million was paid against the permissible amount of Nu. 0.321 million which resulted to excess disbursement of monthly stipend. (AIN: 16955; OB No.:4.1; Direct Accountabilities: Dorji Wangchuk, Teacher, EID No. 20170209286; Supervisory: Sangay Duba, Accountant Assistant, EID No. 8712025)

3.2.5 PARO DZONGKHAG

The significant unresolved irregularities amounted to Nu. 1.956 million as summarized below:

Category Code	Category Description	Nu. in million
4	Non-compliance to laws and rules	1.572
5	Shortfalls, lapses and deficiencies	0.384
	Total	1.956

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 1.572 MILLION

The cases of non-compliance to laws and rules involving Nu. 1.572 million is as indicated below:

Sl. No.	Observation in Brief	Nu. in million
4.1	Payment without rate analysis	0.282
4.2	Non-recovery of positive difference	1.215
4.3	Payment for works not executed	0.075
	Total	1.572

4.1 PAYMENT WITHOUT RATE ANALYSIS - NU. 0.282 MILLION

The Dzongkhag Administration, Paro had made payment of Nu. 0.282 million for providing and fixing window frames in the Construction of Dasho Dzongda's residence executed by M/s Gawai Nyima Construction. The Dzongkhag Tender Committee had changed the design for windows and payments were made as per the initial approved drawings without carrying out the rate analysis for revised design. (AIN: 16749; OB No.:5.6; Accountabilities: Direct: Tashi, Assistant Engineer, EID No. 200207097; M/s Gawai Nyima Construction, CDB No.6312; Supervisory: Chane Zangmo, Chief Dzongkhag Engineer, EID No. 9901228)

4.2 NON-RECOVERY OF POSITIVE DIFFERENCE - NU. 1.215 MILLION

The Dzongkhag Administration, Paro had failed to recover the positive difference of Nu. 1.215 million between the lowest and the second lowest evaluated bidder upon withdrawal by the first lowest evaluated bidder with a bid value of Nu. 1.674 million for re-surfacing of urban roads. Subsequently the works were executed departmentally. (AIN: 16749; OB No.:7.2; Accountabilities: Direct: Phubchu, Assistant Engineer, EID No. 200207098; Supervisory: Kencho Dorji, Municipal Engineer, EID No. 9707052)

4.3 PAYMENT MADE FOR WORKS NOT EXECUTED - NU. 0.075 MILLION

The Dzongkhag Administration, Paro had made payment of Nu. 0.075 million to M/s Gawai Nyima Construction for works not executed in the construction of Dasho Dzongda's residence at Jangsa. The excess payment occurred due to differences in quantities executed at site and quantities claimed for. (AIN:16749: Obs No: 5.2 Direct Accountability: Tashi, Asstt. Engineer, EID No.200207097 M/s Gawai Nyima Construction, CDB No.6312 Supervisory Accountability: Choney Zangmo, Chief Dzongkhag Engineer, EID No. 9901228)

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.384 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.384 million is as indicated below:

5.1 EXCESS PAYMENTS - NU. 0.384 MILLION

- a) The Dzongkhag Administration, Paro had made excess payment of Nu. 0.050 million to M/s Gawai Nyima Construction in the construction of Dasho Dzongda's residence at Jangsa. The contractor had inflated the rate for providing and fixing electric water heater. (AIN: 16749; OB No.:5.1; Accountabilities: Direct: Tashi, Assistant Engineer, EID No. 200207097; M/s Gawai Nyima Construction, CDB No.6312; Supervisory: Choney Zangmo, Chief Dzongkhag Engineer, EID No. 9901228)

- b) The Dzongkhag Administration, Paro had made excess payments of Nu. 0.334 million to M/s KTP Construction in the Construction of 2 Block Staff Quarter at Wanakha Central School. The excess payments had occurred due to the difference in quantities paid to the contractor and actual quantities executed at site. *(AIN: 16749; OB No.:6.1; Accountabilities: Direct: Cheki Lengkong, Engineer, EID No. 200901091; M/s KTP Construction, CDB No. 5465; Supervisory: Choney Zangmo, Chief Dzongkhag Engineer, EID No. 9901228)*

3.2.6 PEMAGATSHEL DZONGKHAG

The significant unresolved irregularities amounted to Nu. 11.545 million as summarized below:

Category Code	Category Description	Nu. in million
1	Fraud and Corruption	2.059
4	Non-compliance to laws and rules	1.823
5	Shortfalls, lapses and deficiencies	7.663
	Total	11.545

1. FRAUD AND CORRUPTION – NU. 2.059 MILLION

The case with elements of fraud and corruption involving Nu. 2.059 million is as indicated below:

1.1 DISPROPORTIONATE ESTIMATION OF CRM QUANTITY – NU. 2.059 MILLION

The Dzongkhag Administration, Pemagatshel had made extravagant payment amounting to Nu. 2.059 million to M/s Kharsa Construction Pvt. Limited, Trashiyangtse against CRM quantity in the re-construction of Yongla Gonpa.

The CRM quantity had deviation of 1518m³ representing 61.25% below the BoQ quantity. The Dzongkhag Administration had paid the contractor at the revised market rate of Nu. 5,443.22 per m³ against the quoted rate of Nu. 3,300.00 per m³ with resultant loss of Nu. 2.059 million. The negative deviation payment had apparently occurred due to supervisory lapses and approving the claims without ensuring the correctness of the estimation. *(AIN: 16555; OB No.:1.1; Direct Accountabilities: Karma Tenzin, AE, EID No. 20120100133; Supervisory: Sonam Jamtsho, DE, EID No.201001181)*

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 1.823 MILLION

The cases of non-compliance to laws and rules involving Nu. 1.823 million is as indicated below:

4.1 NON-SUBMISSION OF DETAILS ON PROCUREMENT OF CEMENT - NU. 1.823 MILLION

The Dzong Construction Project, Pemagatshel had not submitted details on the procurement and consumption of cement for the project. The Dzong Construction Project had procured 4408.25 MT of cement amounting to Nu. 30.388 million for which the details of procurement were not submitted to Department of National Properties (DNP) as required thereby forgoing rebate amount of Nu. 1.823 million. *(AIN: 16497; OB No.:1; Accountabilities: Direct: Tenzin Dorji, Store In-charge, EID No. 0710003; Supervisory: Lhaten Dorji, Project Manager, EID No. 8810010)*

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 7.663 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 7.663 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
5.1	Excess payment	0.511
5.2	Payment of price adjustment based on Consumer Price Index	1.564
5.3	Wasteful expenditure	5.588
	Total	7.663

5.1 EXCESS PAYMENT - NU. 0.511 MILLION

- a) The Dzongkhag Administration, Pemagatshel had made excess payment of Nu. 0.303 million to M/s Kharsa Construction Pvt. Limited, Trashiyangtse in the re-construction of Yongla Gonpa. The excess payment had occurred due to non-deduction of gentle tapering for CRM wall. *(AIN: 16555; OB No.:1.2; Direct Accountabilities: Karma Tenzin, AE, EID No. 20120100133; M/s Kharsa Construction Pvt. Ltd., Trashiyangtse, CDB No. 2348; Supervisory: Sonam Jamtsho, DE, EID No. 201001181)*
- b) The Dzongkhag Administration, Pemagatshel had made excess payment of Nu. 0.070 million to M/s Kharsa Construction Pvt. Limited, Trashiyangtse in the re-construction of Yongla Gonpa. The excess payment had occurred due to payment for 180mm thick RCC slab as against the design of 150mm in the drawings and design for both ground and first floor. *(AIN: 16555; OB No.:1.6; Direct Accountabilities: Karma Tenzin, AE, EID No. 20120100133; M/s Kharsa Construction Pvt. Ltd., Trashiyangtse, CDB No. 2348; Supervisory: Sonam Jamtsho, DE, EID No. 201001181)*
- c) The Dzongkhag Administration, Pemagatshel had made excess payment of Nu. 0.138 million to M/s Kharsa Construction Pvt. Limited, Trashiyangtse in the re-construction of Yongla Gonpa. The excess payment had occurred due to non-deduction of plinth beam for RRM wall foundation. *(AIN: 16555; OB No.:1.7; Direct Accountabilities: Kinley Wangdi, JE, EID No. 20140103482; M/s Kharsa Construction Pvt. Ltd., Trashiyangtse, CDB No. 2348; Supervisory: Sonam Jamtsho, DE, EID No. 201001181)*

5.2 PAYMENT OF PRICE ADJUSTMENT BASED ON CONSUMER PRICE INDEX - NU.1.564 MILLION

The Dzongkhag Administration, Pemagatshel had made payment of Nu. 1.564 million on account of price adjustment to M/s Kharsa Construction Pvt. Limited, Trashiyangtse in the re-construction of Yongla Gonpa. The rates for price adjustment was taken from Consumer Price Index (CPI) and not from Whole Sale Price Index (WSPI). The lapses had occurred due to non-adherence to the circular issued by National Standards Bureau. *(AIN: 16555; OB No.:1.3; Direct Accountabilities: Karma Tenzin, AE, EID No. 20120100133; M/s Kharsa Construction Pvt. Ltd., Trashiyangtse, CDB No. 2348; Supervisory: Sonam Jamtsho, DE, EID No. 201001181)*

5.3 WASTEFUL EXPENDITURE - NU. 5.588 MILLION

- a) The Dzongkhag Administration, Pemagatshel had spent Nu. 2.130 million for RCC wall in the re-construction of Yongla Gonpa. The Dzongkhag administration had not considered the option to implement the construction with cost effective manner by way of constructing RRM wall at Nu. 0.429 million which would not have resulted to wasteful expenditure of Nu. 2.130

million. (AIN: 16555; OB No.:1.4; Direct Accountabilities: Karma Tenzin, AE, EID No. 20120100133; Supervisory: Sonam Jamtsho, DE, EID No. 201001181)

- b) The Dzongkhag Administration, Pemagatshel had incurred a cost of Nu. 3.458 million for backside wall, beams and columns in the re-construction of Yongla Gonpa. Major deviations of 27.37% from the BoQ quantity were noted in foundation works. The lapses had occurred due to inadequate planning and design which had ultimately resulted in wasteful expenditure. (AIN: 16555; OB No.:1.5; Direct Accountabilities: Karma Tenzin, AE, EID No. 20120100133; Supervisory: Sonam Jamtsho, DE, EID No. 201001181)

3.2.7 SAMDRUPJONGKHAR DZONGKHAG

The significant unresolved irregularities amounted to Nu. 7.850 million as summarized below:

Category Code	Category Description	Nu. in million
5	Shortfalls, lapses and deficiencies	7.850
	Total	7.850

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 7.850 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 7.850 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
5.1	Excess payment	3.115
5.2	Non-realization of 20% penalty upon termination of contract	2.663
5.3	Underutilization of properties	2.072
	Total	7.850

5.1 EXCESS PAYMENTS - NU. 3.115 MILLION

- a) The Dzongkhag Administration, Samdrupjongkhar had made excess payment of Nu. 1.370 million to M/s PT Construction, Sarpang in the construction of 4-Units Staff Quarter and Library Block at Phuntshothang MSS. The excess payment had occurred due to non-deduction of lump sum rebate from the subsequent RA bills. (AIN: 16514; OB No.: 1.1; Accountabilities: Direct: Tshering Yangzom, AE, EID No. 200307014; M/s PT Construction, Sarpang, CDB No. 4946; Supervisory: Chador Phuntsho, Principal Engineer, EID No.9107092)
- b) The Dzongkhag Administration, Samdrupjongkhar had made excess payment of Nu. 1.628 million to M/s PT Construction, Sarpang in the construction of 4-Units Staff Quarter and Library Block at Phuntshothang MSS. The excess payment was made on account of RA Bills payment due to inadequate verification of contractor's claim against actual quantum of work executed at site. (AIN: 16514; OB No.: 1.3; Accountabilities: Direct: Tshering Yangzom, AE, EID No. 200307014; M/s PT Construction, Sarpang, CDB No. 4946; Supervisory: Chador Phuntsho, Principal Engineer, EID No. 9107092)
- c) The Dzongkhag Administration, Samdrupjongkhar had made an excess payment to the community contractor in the construction of 6-units hostel at LUC Jangsa amounting to Nu. 0.064 million. The payment pertained to construction of open surface drain and plinth protection works which were not executed at site. (AIN: 16514; OB No.: 5; Accountabilities:

Direct: Tshering Dorji, AE, EID No. 20140103491; Supervisory: Lamdra Wangdi, Dungpa, EID No. 9507335)

- d) The Dzongkhag Administration, Samdrupjongkhar had made an excess payment of Nu. 0.053 million in the construction of kitchen cum dining hall at LUC Jangsa executed by community contractor. The payment pertained to drainage and plinth protection works which was not executed at site. *(AIN: 16514; OB No.: 6; Accountabilities: Direct: Tshering Dorji, AE, EID No. 20140103491; Supervisory: Lamdra Wangdi, Dungpa, EID No. 9507335)*

5.2 NON-REALIZATION OF 20% PENALTY FOR INCOMPLETE WORKS UPON CONTRACT TERMINATION - NU. 2.663 MILLION

The Dzongkhag Administration, Samdrupjongkhar had not realized 20% penalty on the value of incomplete works and the mobilization advances amounting to Nu. 2.663 million upon termination of contract of M/s PT Construction, Sarpang pertaining to the construction of 4-Units Staff Quarter and Library Block at Phuntshothang MSS. *(AIN: 16514; OB No.: 1.2; Accountabilities: Direct: Tshering Yangzom, AE, EID No. 200307014; M/s PT Construction, Sarpang, CDB No. 4946; Supervisory: Lobzang Dorji, Dungpa, EID No.8801079)*

5.3 UNDERUTILIZATION OF PROPERTIES - NU. 2.072 MILLION

The Dzongkhag Administration, Samdrupjongkhar had failed to make use of the Backhoe loader provided by the Ministry of Agriculture and Forests during the FY 2017-2018. The Backhoe loader deployed under Gomdar Gewog for the monsoon restoration works remained off-road for 212 days eliciting a financial implication of Nu. 2.072 million. *(AIN: 16514; OB No.: 2; Accountabilities: Direct: Chorten Gyeltshen, DAO, EID No.950701; Supervisory: Tharchin Lhendup, Dzongda, EID No. 18709022)*

3.2.8 TRASHIGANG DZONGKHAG

The significant unresolved irregularities amounted to Nu. 0.834 million as summarized below:

Category Code	Category Description	Nu. in million
5	Shortfalls, lapses and deficiencies	0.834
	Total	0.834

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.834 MILLION

The case of shortfalls, lapses and deficiencies involving Nu. 0.834 million is as indicated below:

5.1 PAYMENT MADE WITHOUT SUPPORTING DOCUMENTS - NU. 0.834 MILLION

The Dzongkhag Administration, Trashigang had booked expenditure aggregating to Nu. 0.834 million without supporting documents. The account pertained to Trashigang Sports Association. It was also found that subsidiary ledgers were not maintained. *(AIN: 16718; OB No.:2; Accountabilities: Direct: Phuntsho, CDEO, EID No. 9607081; Supervisory: Chekey Gyeltshen, Dzongda, EID No. 8901034)*

3.2.9 TRASHIYANGTSE DZONGKHAG

The significant unresolved irregularities amounted to Nu. 19.665 million as summarized below:

Category Code	Category Description	Nu. in million
3	Mismanagement	9.911
4	Non-compliance to laws and rules	4.440
5	Shortfalls, lapses and deficiencies	8.494
Total		19.665

3. MISMANAGEMENT – NU.9.911 MILLION

The case of mismanagement involving Nu. 9.911 million is as indicated below:

3.1 UNDERUTILIZATION OF MATERIALS – NU. 9.911 MILLION

The Dzongkhag Administration, Trashiyangtse had not utilized 732 numbers of D.I pipes procured for water supply works at Nu. 9.911 million. Due to the change in alignment, D.I pipes were rendered excess and as things currently stand, the Dzongkhag Administration had not prepared any utilization plan resulting to underutilization of materials. (AIN: 16427; OB No.:1.2; Direct Accountabilities: Jigme Tshewang, Municipal Engineer, EID No. 201101167; Supervisory: Rinchen Leydra, Municipal Engineer, EID No. 9907022)

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 4.440 MILLION

The cases of non-compliance to laws and rules involving Nu. 4.440 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
4.1	Short recovery of liquidated damages	0.417
4.2	Execution of substandard works	3.180
4.3	Irregular booking in closed work account	0.843
Total		4.440

4.1 SHORT RECOVERY OF LIQUIDATED DAMAGES – NU. 0.417 MILLION

The Dzongkhag Administration, Trashiyangtse had short-recovered liquidated damages amounting to Nu. 0.417 million from M/s Tak Sing Chung Druk Construction, Wangduephodrang in the construction of water supply at Khitsang New Township, Doksum. The construction was supposed to be completed by 25 April 2016, but was completed only on 9 August 2018 after a substantial delay of 835 days. The applicable liquidated damages for the delays amounted to Nu. 4.142 million, against which only Nu. 3.725 million was recovered leaving a balance of Nu. 0.417 million. (AIN: 16427; OB No.:1.1; Direct Accountabilities: Ugyen Zangmo, Assistant Engineer, EID No.200507220; M/s Tak Sing Chung Druk Construction, CDB No. 1748; Supervisory: Tshering Wangchuk, District Engineer, EID No.11510002065)

4.2 EXECUTION OF SUBSTANDRD WORKS - NU. 3.180 MILLION

The Dzongkhag Administration, Trashiyangtse had not maintained standards in the construction of Gangkhar to Rabtey farm road executed by M/s Zamkhar Construction Pvt. Ltd., Gelephu. A stretch of 2.650 kms farm roads had steep gradient and narrow width in contravention to the required standard. (AIN: 16427; OB No.:2.1; Direct Accountabilities: Damodar Adhikari, Assistant Engineer, EID No. 20130101893; M/s Zamkhar Construction Pvt. Ltd., Gelephu, CDB No. 7846; Supervisory: Tshering Wangchuk, DE, EID No. 11510002065)

4.3 IRREGULAR BOOKING IN CLOSED WORK ACCOUNT – NU. 0.843 MILLION

The Dzongkhag Administration, Trashiyangtse had retained Nu. 0.843 million under Closed Work Account during the FY 2018-19 for the maintenance of Dzongdag's residence and development of Chortenkora surrounding. The expenditure was booked without completion of the work in contravention to FRR 2016. (AIN: 16427; OB No.:7; Direct Accountabilities: Ugyen Zangmo, Assistant Engineer, EID No. 200507220; Sonam Wangdi, Accountant, EID No. 20120700698; Supervisory: Tshering Wangchuk, DE, EID No. 11510002065; Rinchen Dorji, Finance Officer, EID No. 20150104953)

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 8.494 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 8.494 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
5.1	Excess interim bill payments to contractor	6.397
5.2	Non-realization of 20% penalty upon termination of contract	2.097
	Total	8.494

5.1 EXCESS INTERIM BILL PAYMENTS TO CONTRACTOR - NU. 6.397 MILLION

The Dzongkhag Administration, Trashiyangtse had made excess payment of Nu. 6.397 million to M/s Tak Sing Chung Druk Construction, Wangdiphodrang in the construction of flood protection works under Bumdeling Gewog. The lapses had occurred due to release of excess payments in 1st Running Account Bill amounting to Nu.17.011 million as against actual work done value of Nu. 10.614 million indicating undue financial favour to the contractor. (AIN: 16427; OB No.:4.1; Direct Accountabilities: Tshering Penjor, Assistant Engineer, EID No. 201101221; M/s Tak Sing Chung Druk Construction, CDB No. 1748; Supervisory: Tshering Wangchuk, DE, EID No. 11510002065)

5.2 NON-REALIZATION OF 20% PENALTY UPON TERMINATION OF CONTRACT - NU. 2.097 MILLION

The Dzongkhag Administration, Trashiyangtse had not recovered 20% penalty on the value of incomplete works amounting to Nu. 2.097 million upon termination of contract of M/s Tak Sing Chung Druk Construction, Wangdiphodrang in the construction of flood protection works under Bumdeling Gewog. The Dzongkhag Administration had terminated the contract on the grounds of fundamental breach of contract by the contractor. (AIN: 16427; OB No.:4.2; Direct Accountabilities: Mani Wangdi, Assistant Engineer, EID No. 20150105088; M/s Tak Sing Chung Druk Construction, CDB No. 1748; Supervisory: Tshering Wangchuk, DE, EID No. 11510002065)

3.3 DUNGKHAG ADMINISTRATIONS

3.3.1 DUNGKHAGS UNDER SAMTSE DZONGKHAGS

I. DOROKHA DUNGKHAG

The significant unresolved irregularities amounted to Nu. 3.817 million as summarized below:

Category Code	Category Description	Nu. in million
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5	Shortfall, lapses and deficiencies	3.817
	Total	3.817

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 3.817 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 3.817 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
5.1	Inadmissible payment of vacation salary	0.265
5.2	Inadmissible payment of allowances	2.350
5.3	Non-reconciliation of funds	0.389
5.4	Excess payment	0.813
	Total	3.817

5.1 INADMISSIBLE PAYMENT OF VACATION SALARY - NU. 0.265 MILLION

The Dungkhag Administration, Dorokha had made inadmissible payment of Nu. 0.265 million on account of vacation pay to various teachers. Teachers were paid vacation pay for rendering less than three months of service in an academic year. The inadmissible payment of vacation pay pertained to the FYs 2017-18 and 2018-19. *(AIN: 16794; OB No.:1.3; Accountabilities: Direct: Hem Raj Thakuri, HR Assistant, EID No. 200311029; Supervisory: Karma Jurmi, Drungpa, EID No. 9208031)*

5.2 INADMISSIBLE PAYMENT OF ALLOWANCES - NU. 2.350 MILLION

The Dungkhag Administration, Dorokha had made inadmissible payment of Nu. 2.350 million on account of teaching allowances to various teachers. Teaching allowances were paid for winter and summer vacation for rendering services less than required number of months. The inadmissible payment was noted for the academic year 2018, 2019 and 2020. *(AIN: 16794; OB No.:1.4; Accountabilities: Direct: Hem Raj Thakuri, HR Assistant, EID No. 200311029; Supervisory: Karma Jurmi, Drungpa, EID No. 9208031)*

5.3 NON-RECONCILIATION OF FUNDS - NU. 0.389 MILLION

The Dungkhag Administration, Dorokha had un-reconciled balances from non-revenue and refundable deposit accounts aggregating to Nu. 0.389 million for the financial year 2017-2018. The lapses had occurred due to non-conduct of periodic reconciliation of non-revenue deposit and the refundable deposit accounts. *(AIN: 16794; OB No.:1.6; Accountabilities: Direct: Singye, Accounts Assistant, EID No. 201107025; Supervisory: Karma Jurmi, Drungpa, EID No. 9208031)*

5.4 EXCESS PAYMENT - NU. 0.813 MILLION

- a) The Dungkhag Administration, Dorokha had made excess payment of Nu. 0.258 million to M/s Sonam Jorden Construction, Bumthang in the construction of ADM Block at Sengdhen Lower Secondary School. The excess payment occurred due to differences in quantities of work actually executed at site and quantities paid for. *(AIN: 16794; OB No.:2.2; Accountabilities: Direct: Tashi Tobgay, AE, EID No. 20130402087; M/s Sonam Jorden Construction, CDB No. 4285; Supervisory: Kumar Sharma, Dungkhag Engineer, EID No. 8709055)*
- b) The Dungkhag Administration, Dorokha had made excess payment of Nu. 0.367 million to M/s Jangup Builders Construction, Haa in the construction of 32 bedded hostels at Sengdhen Lower Secondary School. The excess payment had occurred due to differences in quantities

of work actually executed at site and quantities paid for. (AIN: 16794; OB No.:2.4; Accountabilities: Direct: Tashi Tobgay, AE, EID No. 20130402087; M/s Jangup Builders Construction, CDB No. 4528; Supervisory: Kumar Sharma, Dungkhag Engineer, EID No. 8709055)

- c) The Dungkhag Administration, Dorokha had made excess payment of Nu. 0.188 million to M/s Phuntsho Construction, Haa in the construction of two block of 32 bedded hostel at Denchukha LSS. The excess payment had occurred due to differences in quantities of work actually executed at site and quantities paid for providing and laying brick works in superstructure and excavation over areas. (AIN: 16794; OB No.:2.6; Accountabilities: Direct: Penjor, AE, EID No. 20140103488; M/s Phuntsho Construction, CDB No. 1837; Supervisory: Kumar Sharma, Dungkhag Engineer, EID No. 8709055)

II. TASHICHOLING DUNGKHAG

The significant unresolved irregularities amounted to Nu. 11.894 million as summarized below:

Category Code	Category Description	Nu. in million
4	Non-compliance to laws and rules	0.880
5	Shortfalls, lapses and deficiencies	11.014
Total		11.894

4. NON-COMPLIANCE TO LAWS AND RULES

The cases of non-compliance to laws and rules involving Nu. 0.880 million is as indicated below:

Sl. No.	Observation in Brief	Nu. in million
4.1	Non-rectification of defective work	0.743
4.2	Acceptance of defective work	0.137
Total		0.880

4.1 NON-RECTIFICATION OF DEFECTIVE WORK - NU. 0.743 MILLION

The Dungkhag Administration, Tashicholing had not rectified defective work in the construction of 2-Block 6-units classroom at Tendruk CS amounting to Nu. 0.743 million. Despite serving notification to M/s Jangup Builders Construction, the contractor had failed to complete the defective works for double layer acoustic board, fixing base plates on roof trusses, providing aluminum shutters, GI coated grid system for ceiling frame and fixing aluminum grid frame in electrical fittings. (AIN: 16855; OB No.:1.2; Direct Accountabilities: Changa Dorji, JE, EID No. 200508182; Dophu Dukpa, Assistant Engineer, EID No. 201101206; M/s Sangay Construction, CDB No. 2298; Supervisory: Birendra Giri, Engineer, EID No. 9907152)

4.2 ACCEPTANCE OF DEFECTIVE WORK - NU. 0.137 MILLION

The Dungkhag Administration, Tashicholing had accepted defective works in the construction of Gola water supply executed by M/s Sipsu Construction, Sipsu. The barbed wiring fencing constructed at a cost of Nu. 0.137 million was damaged by retaining wall construction. The lapse had occurred mainly due to inadequate monitoring and supervision. (AIN: 16855; OB No.:4.8; Direct Accountabilities: Aiman Limbu, AE, EID No. 20120100114; Supervisory: Birendra Giri, Engineer, EID No. 9907152)

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 11.014 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 11.014 million is as indicated below:

Sl. No.	Observation in Brief	Nu. in million
5.1	Excess payment	4.079
5.2	Shortages of materials	0.080
5.3	Inadmissible payment of vacation salary	0.239
5.4	Inadmissible payment of allowances	6.616
	Total	11.014

5.1 EXCESS PAYMENT - NU. 4.079 MILLION

The Dungkhag Administration, Tashicholing had made excess payments for various construction works as follows:

- a) Nu. 0.119 million to M/s Sangay Construction, Haa in the construction of 2-Block 6-units class room at Tendruk CS. Further, the Dungkhag Administration had not levied liquidated damages amounting to Nu. 1.369 million. The excess payment occurred due to difference in quantities of work actually executed at site and quantities paid for. *(AIN: 16855; OB No.:1.1; Accountabilities: Direct: Changa Dorji, JE, EID No. 200508182; Dophu Dukpa, AE, EID No. 201101206; M/s Sangay Construction, CDB No. 2298; Supervisory: Birendra Giri, Dungkhag Engineer, EID No. 9907152)*
- b) Nu. 1.615 million to M/s Sipsu Construction, Sipsu for laying of DI pipes. Nu. 3.230 million booked as transportation charges of 646 numbers of DI pipes against the actual payable amount of Nu. 1.615 million. *(AIN: 16855; OB No.:4.1; Direct Accountabilities: Dil Bahadur Ghalley, JE, EID No. 200508151; M/s Sipsu Construction, CDB No. 5225; Supervisory: Pema Wangchen, Dy.EE, EID No. 8901048)*
- c) An excess payment of Nu. 0.145 million to M/s Sipsu Construction, Sipsu for transportation of 28 numbers of 150 mm DI pipes. The contractor had not executed the work at site. *(AIN: 16855; OB No.:4.2; Direct Accountabilities: Dil Bahadur Ghalley, JE, EID No. 200508151; M/s Sipsu Construction, CDB No. 5225; Supervisory: Pema Wangchen, Dy.EE, EID No. 8901048)*
- d) Nu. 0.491 million to M/s Chapcha Engineering Pvt. Ltd, Chukha in the construction of 2-Block 6-units class room at Tendruk CS. The excess payments had occurred due to difference in quantities claimed by the contractor and actual quantities executed at site. *(AIN: 16855; OB No.:5; Direct Accountabilities: Pema Wangchen, Dy.EE, EID No. 8901048; M/s Chapcha Engineering Pvt. Ltd, CDB No. 2241; Supervisory: Birendra Giri, Engineer, EID No. 9907152)*
- e) An excess payment of Nu. 0.117 million to M/s Tashi Norphel Construction, Gelephu in the construction of sanitary landfill at Peljorling. The excess payment occurred due to difference in quantities of work actually executed at site and quantities paid for. *(AIN: 16855; OB No.:6; Direct Accountabilities: Pema Wangchen, Dy.EE, EID No. 8901048; M/s Tashi Norphel Construction, CDB No. 4693; Supervisory: Birendra Giri, Engineer, EID No. 9907152)*
- f) Nu. 0.156 million to community contractors in the construction of Chorten at different locations under Tashicholing Dungkhag. The excess payments had occurred due to difference in quantities claimed by the contractor and actual quantities executed at site. *(AIN:*

16855; OB No.:7; Direct Accountabilities: Aiman Limbu, AE, EID No. 20120100114; Supervisory: Birendra Giri, Engineer, EID No. 9907152)

- g) An excess payment of Nu. 0.067 million to M/s Tshoyang Construction in the construction of 3-units BHU-II Staff quarter under Norgaygang Gewog. The excess payment occurred due to difference in quantities of work actually executed at site and quantities paid for. (AIN: 16855; OB No.:10; Direct Accountabilities: B B Gurung, AE, EID No. 200908130; Dophu Dukpa, AE, EID No. 201101206; M/s Tshoyang Construction, CDB No. 3537; Supervisory: Birendra Giri, Engineer, EID No. 9907152)

5.2 SHORTAGES OF MATERIALS – NU. 0.080

The Dungkhag Administration, Tashicholing had shortages of plumbing materials/accessories valuing Nu. 0.080 million purchased for Gola water supply project. There were differences in the stock balance as per the inventory register maintained and physical verification. (AIN: 16855; OB No.:4.6; Direct Accountabilities: Aiman Limbu, AE, EID No. 20120100114; Supervisory: Pema Wangchen, Dy.EE, EID No. 8901048)

5.3 INADMISSIBLE PAYMENT OF VACATION SALARY - NU. 0.239 MILLION

The Dungkhag Administration, Tashicholing had made inadmissible payment of Nu. 0.239 million on account of vacation pay. Teachers were paid vacation pay for rendering less than three months of service in an academic year. The inadmissible payment of vacation pay pertained to the FYs 2017-2018 and 2018-2109. (AIN: 16855; OB No.:12; Direct Accountabilities: Babita Giri, HR Assistant, EID No. 8610053; Supervisory: Babita Giri, HR Assistant, EID No. 8610053)

5.4 INADMISSIBLE PAYMENT OF ALLOWANCES - NU. 6.616 MILLION

The Dungkhag Administration, Tashicholing had made inadmissible payment of Nu. 6.616 million on account of teaching allowances. Teaching allowances were paid for winter and summer vacation for rendering services less than required numbers of months. The inadmissible payment pertained from January 2018 to January 2020. (AIN: 16855; OB No.:13; Direct Accountabilities: Babita Giri, HR Assistant, EID No. 8610053; Supervisory: Babita Giri, HR Assistant, EID No. 8610053)

3.3.2 DUNGKHAGS UNDER SAMDRUP JONGKHAR DZONGKHAG

I. SAMDRUPCHOLING DUNGKHAG

The significant unresolved irregularities amounted to Nu. 2.128 million as summarized below:

Category Code	Category Description	Nu. in million
3	Mismanagement	1.948
4	Non-compliance to laws and rules	0.180
	Total	2.128

3. MISMANAGEMENT NU.1.948 MILLION

The cases of mismanagement involving Nu. 1.948 million is as indicated below:

3.1 WASTEFUL EXPENDITURE - NU. 1.948 MILLION

The Dungkhag Administration, Samdrupcholing had spent Nu. 1.948 million for retaining wall construction in the maintenance and construction of Warongkhola irrigation channel executed by M/s Yeeshin Dubba Construction, Pemagatshel. Subsequently, few sections of the retaining wall was washed away by the landslide and due to lack of overhead support to HDPE pipes, the irrigation channel was abandoned resulting in wasteful expenditure. The lapses could be attributed to inadequate feasibility studies and inappropriate site selection. (AIN: 16515; OB No.:1(i); Accountabilities: Direct: Damchoe Zangmo, Engineer, EID No. 9707078; Tshering Yangzom, AE, EID No. 200307014; Norbu Gyeltshen, AE, (ED No. 9401085; M/s Yeeshin Dubba Construction, CBD No. 8342; Supervisory: Lobzang Dorji, Dungpa, EID No. 8801079)

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 0.180 MILLION

The cases of non-compliance to laws and rules involving Nu. 0.180 million is as indicated below:

4.1 UN-SETTLED CLOSE WORK ACCOUNT - NU. 0.180 MILLION

The Dungkhag Administration, Samdrupcholing had retained fund of Nu. 0.180 million withdrawn from close work account in FY 2017-2018. The fund retained were not settled even after the closure of the FY 2018-2019. The lapses had occurred apparently due to booking of expenditure under closed work without completion of the actual work. (AIN: 16515; 00.B No.:1(ii); Accountabilities: Direct: Damchoe Zangmo, Engineer, EID No. 9707078; Supervisory: Lobzang Dorji, Dungpa, EID No. 8801079)

3.3.3 DUNGKHAGS UNDER PEMAGATSHEL DZONGKHAG

I. NGANGLAM DUNGKHAG

The significant unresolved irregularities amounted to Nu. 16.805 million as summarized below:

Category Code	Category Description	Nu. in million
3	Mismanagement	11.719
4	Non-compliance to laws and rules	0.118
5	Shortfalls, lapses and deficiencies	4.968
Total		16.805

3. MISMANAGEMENT – NU. 11.719 MILLION

The cases of mismanagement involving Nu. 11.719 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
3.1	Inadmissible payment	6.764
3.2	Unauthorised diversion of fund	4.798
3.3	Cost escalation due to change in scope of work	0.157
Total		11.719

3.1 INADMISSIBLE PAYMENT - NU. 6.764 MILLION

The Dungkhag Administration, Nganglam had made a payment of Nu. 6.764 million on account of transportation of loose soil to M/s Samphel Drukpa Construction Pvt. Limited in the

construction of Integrated Check Post at Nganglam. The specification of earth cutting over areas in the BoQ included the disposal of loose soil to any lead, consequently the payment of transportation charges was not justifiable in want of evidences in identification of dumping site by the Dzongkhag Environment Section.

The lapses had occurred due to inadequate study of land profile by the consultant prior to the commencement of the works. (AIN: 16640; OB No.:1.1; Accountabilities: Direct: Ugyen Penjor, DLO, EID No. 200902030; Yeshi Dorji, DE, EID. No. 9807057; M/s UR Architect, CDB. No. 153; Supervisory: Dasho Sonam Tobgay, Secretary, MoHCA, EID No. 8607089)

3.2 UNAUTHORISED DIVERSION OF FUND - NU. 4.798 MILLION

The Dungkhag Administration, Nganglam had diverted fund of Nu. 4.798 million from the construction of Integrated Check Post at Nganglam to construction of bypass road at Rinchenhang. The diversion of fund had misrepresented expenditure in the financial statements under budget head - construction of Integrated Check Post. The lapses have occurred due to non-adherence to the FRR 2016. (AIN: 16640; OB No.:1.2; Direct Accountabilities: Yeezer, Finance Officer, EID No. 200901068; Supervisory: Karma Wangdi, Sr. Dungpa, EID No. 9507146)

3.3 COST ESCALATION DUE TO CHANGE IN SCOPE OF WORK - NU. 0.157 MILLION

The Dungkhag Administration, Nganglam incurred financial implication of Nu. 0.157 million in the construction of Integrated Check Post at Nganglam executed by M/s Samphel Drukpa Construction Pvt. Limited. The change in scope of work from bitumen to rigid pavement were done without obtaining approval of the tender committee with resultant cost escalation. (AIN: 16640; OB No.:1.9; Direct Accountabilities: Samten Choeda, Engineer, EID No. 9812001; M/s Samphel Drukpa Construction, CDB No. 2625; Supervisory: Karma Wangdi, Sr. Dungpa, EID No. 9507146)

4. NON-COMPLIANCE TO LAWS AND RULES - NU. 0.118 MILLION

The cases of non-compliance to laws and rules involving Nu. 0.118 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
4.1	Non-levy of liquidated damages	
4.2	Acceptance of Defective works	
4.3	Acceptance of substandard works	0.118
	Total	0.118

4.1 NON-LEVY OF LIQUIDATED DAMAGES

The Dungkhag Administration, Nganglam had not levied applicable liquidated damages in the construction of Integrated Check Post at Nganglam awarded to M/s Samphel Drukpa Construction Pvt. Limited. The works scheduled to be completed by 26 June 2018 were found incomplete even after the lapse of five months from the scheduled completion date. (AIN: 16640; OB No.:1.6; Direct Accountabilities: Sonam Jamtsho, DE, EID No. 201001181; Karma Dorji, FO, EID No. 20140504351; Samten Choeda, Engineer, EID No. 9812001; Sonam Tshewang, Adm. Assistant, EID No. 8812022; M/s Samphel Drukpa Construction, CDB No. 2625; Supervisory: Karma Wangdi, Sr. Dungpa, EID No. 9507146)

4.2 ACCEPTANCE OF DEFECTIVE WORKS

The Dungkhag Administration, Nganglam had accepted defective works in the construction of Integrated Check Post at Nganglam executed by M/s Samphel Drukpa Construction Pvt. Limited. Cracks were seen to have developed at flooring, outer wall and at the rear side in RCC cornices indicating execution of substandard works. (AIN: 16640; OB No.:1.10; Direct Accountabilities: Samten Choeda, Engineer, EID No. 9812001; M/s Samphel Drukpa Construction, CDB No. 2625; Supervisory: Karma Wangdi, Sr. Dungpa, EID No. 9507146)

4.3 ACCEPTANCE OF SUBSTANDARD WORKS - NU. 0.118 MILLION

The Dungkhag Administration, Nganglam had accepted substandard quality of RRM walls valuing Nu. 0.118 million in the construction of Integrated Check Post at Nganglam executed by M/s Samphel Drukpa Construction Pvt. Limited. (AIN: 16640; OB No.:1.11; Direct Accountabilities: Samten Choeda, Engineer, EID No. 9812001; Supervisory: Karma Wangdi, Sr. Dungpa, EID No. 9507146)

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 4.968 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 4.968 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
5.1	Excess payment	0.798
5.2	Irregular payment of price adjustment	1.541
5.3	Unreconciled differences in final work done	2.629
	Total	4.968

5.1 EXCESS PAYMENT - NU. 0.798 MILLION

- The Dungkhag Administration, Nganglam had made excess payment of Nu. 0.283 million to M/s Samphel Drukpa Construction Pvt. Limited in the construction of Integrated Check Post at Nganglam. The excess payment occurred due to the differences in quantification of TMT in RCC works. (AIN: 16640; OB No.:1.3; Direct Accountabilities: Samten Choeda, Site Engineer, EID No. 9812001; M/s Samphel Drukpa Construction, CDB No. 2625; Supervisory: Karma Wangdi, Sr. Dungpa, EID No. 9507146)
- The Dungkhag Administration, Nganglam had made double payment of Nu. 0.410 million to M/s Samphel Drukpa Construction Pvt. Limited in the construction of Integrated Check Post at Nganglam. The excess payment occurred due to differences in quantities of work actually executed and quantities for which payment was made for black topping works. (AIN: 16640; OB No.:1.4; Direct Accountabilities: Sonam Jamtsho, DE, EID No. 201001181; Samten Choeda, Site Engineer, EID No. 9812001; M/s Samphel Drukpa Construction, CDB No. 2625; Supervisory: Karma Wangdi, Sr. Dungpa, EID No. 9507146)
- The Dungkhag Administration, Nganglam had made excess payment of Nu. 0.105 million to M/s Samphel Drukpa Construction Pvt. Limited in the construction of Integrated Check Post at Nganglam. The excess payment occurred due to differences in quantities of work actually executed and quantities for which payment was made for foundation works. (AIN: 16640; OB No.:1.5; Direct Accountabilities: Samten Choeda, Site Engineer, EID No. 9812001; M/s Samphel

Drukpa Construction, CDB No. 2625; Supervisory: Karma Wangdi, Sr. Dungpa, EID No. 9507146)

5.2 IRREGULAR PAYMENT OF PRICE ADJUSTMENT – NU. 1.541 MILLION

The Dungkhag Administration, Nganglam had made payment of Nu. 1.541 million on account of price adjustment to M/s Samphel Drukpa Construction Pvt. Limited in the construction of Integrated Check Post at Nganglam. The rates for price adjustment was taken from Consumer Price Index (CPI) and not from Whole Sale Price Index (WSPI). The lapses had occurred due to non-adherence to the circular issued by National Standards Bureau. *(AIN: 16640; OB No.:1.7; Direct Accountabilities: Karma Wangdi, Sr. Dungpa, EID No. 9507146; Yeezer, Finance Officer, EID No. 200901068; Sonam Jamtsho, DE, EID No. 201001181; Jigme Kelzang, DHO, EID No. 9907047; Kinzang Tshering, DAO, EID No. 9908029; Karma Jigme, Kidu Officer, EID No. 9407133; Kinley, DPO, EID No. 200501063; Samten Choeda, Engineer, EID No. 9812001; Sonam Tshewang, Adm. Assistant, EID No. 8812022; Ngawang Chopel, Accountant, EID No. 201007055; M/s Samphel Drukpa Construction, CDB No. 2625; Supervisory: Dasho Phuntsho, Dzongdag, EID No. 8709017)*

5.3 UNRECONCILED DIFFERENCES IN FINAL WORK DONE - NU. 2.629 MILLION

The Dungkhag Administration, Nganglam had unreconciled differences in final work done value amounting to Nu. 2.629 million in the construction of Integrated Check Post at Nganglam. Differences were noted in work done values computed by the joint verification team and the site engineer. *(AIN: 16640; OB No.:1.8; Direct Accountabilities: Sonam Jamtsho, DE, EID No. 201001181; Samten Choeda, Engineer, EID No. 9812001; Tshewang Jurmi, AE, EID No. 200807184; Kunzang Wangchuk, AE, EID No. 2018011250; Tshelthrim, AE, EID No. 201801181; Supervisory: Sherub Zangpo, Dungpa, EID No. 200401075)*

3.4 GEWOG ADMINISTRATIONS

3.4.1 GEWOGS UNDER BUMTHANG DZONGKHAGS

I. CHHOEKHOR

The significant unresolved irregularities amounted to Nu. 1.490 million as summarized below:

Category Code	Category Description	Nu. in million
3	Mismanagement	0.162
5	Shortfalls, lapses and deficiencies	1.328
	Total	1.490

3. MISMANAGEMENT

The case of mismanagement involving Nu. 0.162 million is as indicated below:

3.1 NON-DEPOSIT OF SERVICE CHARGES – NU. 0.162 MILLION

The Gewog Administration, Chhoeckhor had not deposited service charges collected from cordyceps auction amounting to Nu. 0.162 million into CD account. *(AIN: 16903; OB No.: 2.6; Accountabilities: Direct: Pema Doengyal, Gup, CID No. 10101004727; Supervisory: Pema Doengyal, Gup, CID No. 10101004727)*

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 1.328 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 1.328 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
5.1	Non-refund of excess permit fee collection	0.411
5.2	Payment for works not executed	0.917
	Total	1.328

5.1 NON-REFUND OF EXCESS PERMIT FEE COLLECTION - NU. 0.411 MILLION

The Gewog Administration, Chhoekhor had made excess collection of permit fee amounting to Nu. 0.411 million. The collection fee of Nu. 910 per cordyceps collector was applied instead of prescribed rate of Nu. 610 which resulted into excess collection. The excess permit fee collected were not refunded to individuals. *(AIN: 16903; OB No.:2.2; Accountabilities: Direct: Pema Doengyal, Gup, CID No. 10101004727; Supervisory: Pema Doengyal, Gup, CID No. 10101004727)*

5.2 PAYMENT FOR WORKS NOT EXECUTED NU.0.917 MILLION

The Gewog Administration, Chhoekhor had made excess payment of Nu. 0.917 million in the construction of farm road from Ngalhakhang to Kargang under Chhoekhor Gewog executed by community contractor. The excess payment had occurred due to payment for unexecuted works of providing and laying of hand packed stone soling, edging, hume pipe and excavation over areas at site. *(AIN: 16903; OB No.:1; Accountabilities: Direct: Pema Doengyal, Gup, CID No. 10101004727; Chhimi Tenzin, Engineer, EID No. 970751; Supervisory: Pema Doengyal, Gup, CID No. 10101004727)*

3.4.2 GEWOGS UNDER DAGANA DZONGKHAG

I. GOZHI

The significant unresolved irregularities amounted to Nu. 1.715 million as summarized below:

Category Code	Category Description	Nu. in million
4	Non-compliance to laws and rules	1.715
	Total	1.715

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 1.715 MILLION

The cases of non-compliance to laws and rules involving Nu. 1.715 million is as indicated below:

4.1 NON-SUBMISSION OF DETAILS ON PROCUREMENT OF HDPE PIPES - NU.1.715 MILLION

The Gewog Administration, Gozhi had not submitted the details on the procurement of HDPE pipes for the construction of irrigation channel. The Gewog Administration had procured HDPE pipes from M/s K. Norkhel Enterprise, Thimphu amounting to Nu. 1.715 million for which the details of procurement were not endorsed to Department of National Properties (DNP) as required thereby forgoing the rebate of Nu. 0.105 million. *(AIN: 16463; OB No.:2; Accountabilities: Direct: Tandin, Gup, CID No.10101005059; Supervisory: Tandin, Gup, CID No.10101005059)*

II. LARGYAB

The significant unresolved irregularities amounted to Nu. 0.118 million as summarized below:

Category Code	Category Description	Nu. in million
4	Non-compliance to laws and rules	0.118
	Total	0.118

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 0.118 MILLION

The case of non-compliance to laws and rules involving Nu. 0.118 million is as indicated below:

4.1 PAYMENT OF REFUNDABLE DEPOSIT WITHOUT OBTAINING RELEASE - NU. 0.118 MILLION

The Gewog Administration, Largyab had refunded Nu. 0.118 million to the contractors from the budgetary releases instead of obtaining equivalent Refundable Release from DPA and settling the accounts. (AIN: 16459; OB No.:1; Accountabilities: Direct: Karma Tobgay, Accountant, EID No. 201007218; Supervisory: Dhan Bahadur Gurung, Gup, CID No. 10307000475)

III. KARNA

The significant unresolved irregularities amounted to Nu. 0.791 million as summarized below:

Category Code	Category Description	Nu. in million
4	Non-compliance to laws and rules	0.791
	Total	0.791

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 0.791 MILLION

The cases of non-compliance to laws and rules involving Nu. 0.791 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
4.1	Non-submission of details on procurement of HDPE Pipes	0.359
4.2	Deficiencies in refundable deposit account	0.432
	Total	0.791

4.1 NON-SUBMISSION OF DETAILS ON PROCUREMENT OF HDPE PIPES - NU.0.359 MILLION

The Gewog Administration, Karna had not submitted the details on the procurement of HDPE pipes for the construction of irrigation channel. The Gewog Administration had procured HDPE pipes from M/s K. Norkhel Enterprise, Thimphu amounting to Nu. 0.359 million for which the details of procurement were not endorsed to DNP as required thereby forgoing the rebate. (AIN: 16465; OB No.:1; Accountabilities: Direct: Lhawang Dorji, Gup, CID No. 10305001625; Supervisory: Lhawang Dorji, Gup, CID No. 10305001625)

4.2 DEFICIENCIES IN REFUNDABLE DEPOSIT ACCOUNT - NU. 0.432 MILLION

The Gewog Administration, Karna had made less payment of Nu. 0.126 million from the refundable deposit account. On a related note, the Gewog Administration had made excess

deposit of Nu.0.306 million in refundable deposit account. The deficiencies in refundable deposit account pertained to the FY 2017-2018. (AIN: 16465; OB No.:2; Accountabilities: Direct: Yeshe Jamtsho, Accounts Assistant, EID No. 200907013; Supervisory: Lhawang Dorji, Gup, CID No. 10305001625)

IV. TRASHIDING

The significant unresolved irregularities amounted to Nu. 0.192 million as summarized below:

Category Code	Category Description	Nu. in million
4	Non-compliance to laws and rules	0.192
	Total	0.192

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 0.192 MILLION

The case of non-compliance to laws and rules involving Nu.0.192 million is as indicated below:

4.1 NON-SUBMISSION OF DETAILS ON PROCUREMENT OF HDPE PIPES - NU. 0.192 MILLION

The Gewog Administration, Trashiding had not submitted the details on the procurement of HDPE pipes for the construction of irrigation channel. The Gewog Administration had procured HDPE pipes from M/s K. Norkhel Enterprise, Thimphu amounting to Nu. 0.192 million for which the details of procurement were not endorsed to DNP as required thereby forgoing the rebate of Nu. 0.012 million. (AIN: 16466; OB No.:1; Accountabilities: Direct: Namgay Pelden, Gup, CID No. 10308001002; Supervisory: Namgay Pelden, Gup, CID No. 10308001002)

V. TSHANGKHA

The significant unresolved irregularities amounted to Nu. 1.007 million as summarized below:

Category Code	Category Description	Nu. in million
4	Non-compliance to laws and rules	1.007
	Total	1.007

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 1.007 MILLION

The cases of non-compliance to laws and rules involving Nu. 1.007 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
4.1	Payment of refundable deposit without obtaining release	0.445
4.2	Non-levy of liquidated damages	0.562
	Total	1.007

4.1 PAYMENT OF REFUNDABLE DEPOSIT ACCOUNT WITHOUT OBTAINING RELEASE - NU. 0.445 MILLION

The Gewog Administration, Tshangkha had refunded Nu. 0.445 million to the contractors from the budgetary releases instead of obtaining equivalent Refundable Release from DPA and settling the accounts. (AIN: 16467; OB No.:1; Accountabilities: Direct: Karma Tobgay, Accountant, EID No. 201007218; Supervisory: Tawla, Gup, CID No. 10311001687)

4.2 NON-LEVY OF LIQUIDATED DAMAGES - NU. 0.562 MILLION

The Gewog Administration, Tshangkha had not levied liquidated damages amounting to Nu. 0.562 million for delay of 89 days in the construction of Farm Road at Salamji from M/s Dhoendup Construction, Thimphu. The works scheduled to be completed by 11 December 2017 were completed only on 31 May 2018 after the lapse of three months. (AIN: 16467; OB No.:2; Accountabilities: Direct: Sonam Tobgay, Engineer, EID No. 20170107883; Supervisory: Tawla, Gup, CID No. 10311001687)

VI. TSHENDAGANG

The significant unresolved irregularities amounted to Nu. 1.417 million as summarized below:

Category Code	Category Description	Nu. in million
4	Non-compliance to laws and rules	1.417
	Total	1.417

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 1.417 MILLION

The case of non-compliance to laws and rules involving Nu. 1.417 million is as indicated below:

4.1 NON-SUBMISSION OF DETAILS ON PROCUREMENT OF HDPE PIPES - NU. 1.417MILLION

The Gewog Administration, Tshendagang had not submitted the details on the procurement of HDPE pipes for the construction of irrigation channel. The Gewog Administration had procured HDPE pipes from M/s K. Norkhel Enterprise, Thimphu amounting to Nu. 1.417 million for which the details of procurement were not endorsed to DNP as required thereby forgoing the rebate of Nu. 0.085 million. (AIN: 16460; OB No.:4; Accountabilities: Direct: Bal Bahadur Rana, Gup, CID No. 10309000585; Supervisory: Bal Bahadur Rana, Gup, CID No. 10309000585)

VII. TSEZA

The significant unresolved irregularities amounted to Nu. 0.146 million as summarized below:

Category Code	Category Description	Nu. in million
5	Shortfalls, lapses and deficiencies	0.146
	Total	0.146

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.146 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.146 million is as indicated below:

5.1 EXCESS PAYMENT IN MAINTENANCE OF IRRIGATION CHANNEL

The Gewog Administration, Tseza had made excess payment of Nu. 0.146 million to M/s Kalizingkha Meday Khabab, in the maintenance of irrigation channel at Kalizingkha. The excess payment occurred due to differences in quantities of some items of work executed at site and quantities paid for. (AIN:16461; Obs: 2; Direct Accountability : Shivom Phokreal. Technician (EID No.20120200084) Supervisory Accountability : Phurba, Gup (CID No. 10310001022)

3.4.3 GEWOGS UNDER GASA DZONGKHAG

I. LUNANA

The significant unresolved irregularities amounted to Nu. 0.182 million as summarised below:

Category Code	Category Description	Nu. in million
5	Shortfalls, lapses and deficiencies	0.182
	Total	0.182

5. SHORTFALLS, LAPSES AND DEFICIENCIES - NU. 0.182 MILLION

The cases of shortfalls, lapses and deficiencies amounting to Nu. 0.182 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
5.1	Payment without receiving goods	0.095
5.2	Excess payment	0.087
	Total	0.182

5.1 PAYMENT WITHOUT RECEIVING GOODS - NU. 0.095 MILLION

The Gewog Administration, Lunana had made payment of Nu. 0.095 million without receiving goods in the procurement of CGI sheets and accessories for the maintenance of Mendrelthang ECR. The payment had occurred due to lack of proper stocktaking and verification of the claims made by suppliers. *(AIN: 16472; OB No.:1; Accountabilities: Direct: Kinley Choki, GAO, EID No. 20170809759; Supervisory: Kaka, Gup, CID No. 10404000432)*

5.2 EXCESS PAYMENT - NU. 0.087 MILLION

The Gewog Administration, Lunana had made excess payment of Nu. 0.087 million to community contractor in the maintenance of Gewog office at Thango. The excess payment had occurred due to difference in quantities claimed by the contractor and actual quantities executed at site for providing and fixing roof frames and CGI sheets. *(AIN: 16472; OB No.:1.1; Accountabilities: Direct: Kinley Choki, GAO, EID No. 20170809759; Supervisory: Kaka, Gup, CID No. 10404000432)*

II. KHAMAE

The significant unresolved irregularities amounted to Nu. 0.066 million as summarized below:

Category Code	Mismanagement	Nu. in million
3	Mismanagement	0.066
	Total	0.066

3. MISMANAGEMENT – NU. 0.066 MILLION

The case of mismanagement involving Nu. 0.066 million is as indicated below:

3.1 HOUSE RENT COLLECTION DEPOSITED TO CD ACCOUNT – NU. 0.066 MILLION

The Gewog Administration, Khamae had deposited the house rent collection of Nu. 0.066 million into CD Account instead of depositing to RGR Account. The house rent collection from seven officials residing in government quarters pertained to the FY 2017-2019. (AIN: 16475; OB No.:1; Accountabilities: Direct: Kinley Penjor, Gup, CID No. 10401000196; Supervisory: Kinley Penjor, Gup, CID No. 10401000196)

3.4.4 GEWOGS UNDER LHUENTSE DZONGKHAG

I. MAEDTSHO

The significant unresolved irregularities amounted to Nu. 0.319 million as summarized below:

Category Code	Category Description	Nu. in million
4	Non-compliance to laws and rules	0.319
	Total	0.319

4. NON-COMPLIANCE TO LAWS AND RULES - NU. 0.319 MILLION

The cases of non-compliance to laws and rules involving Nu. 0.319 million is as indicated below:

4.1 NON-REFUND OF SECURITY DEPOSITS - NU. 0.319 MILLION

The Gewog Administration, Maedtsho had not refunded the 10% refundable security deposits amounting to Nu. 0.319 million to various contractors as of 30 June 2019. The contractors had not not been refunded despite expiry of defect liability period. (AIN: 17021; OB No.:1; Accountabilities: Direct: Pema Dema, Accounts Assistant, EID No. 20180110510; Supervisory: Gembo, Gup, CID No.: 10600701053)

II. GANGZUR

The significant unresolved irregularities amounted to Nu. 0.117 million as summarized below:

Category Code	Category Description	Nu. in million
4	Non-compliance to laws and rules	0.117
	Total	0.117

4. NON-COMPLIANCE TO LAWS AND RULES - NU. 0.117 MILLION

The cases of non-compliance to laws and rules involving Nu. 0.117 million is as indicated below:

4.1 NON-REFUND OF SECURITY DEPOSITS - NU. 0.117 MILLION

The Gewog Administration, Gangzur had not refunded the 10% refundable security deposits amounting to Nu. 0.117 million to various contractors as on 30 June 2019. The contractor had not not been refunded despite expiry of defect liability period. (AIN: 17024; OB No.:1; Accountabilities: Direct: Ugyen Dorji, Accounts Assistant, EID No. 20180110561; Supervisory: Kuenzang Dorji, Gup, CID No.: 10601000783)

3.4.5 GEWOGS UNDER MONGAR DZONGKHAG

I. TSAKALING

The significant unresolved irregularities amounted to Nu. 4.132 million as summarized below:

Category Code	Category Description	Nu. in million
4	Non-compliance to laws and rules	4.132
	Total	4.132

4. NON-COMPLIANCE TO LAWS AND RULES - NU. 4.132 MILLION

The cases of non-compliance to laws and rules involving Nu. 4.132 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
4.1	Award of work in piecemeal basis	4.000
4.2	Inadmissible expenses	0.132
	Total	4.132

4.1 AWARD OF WORK IN PIECEMEAL BASIS - NU. 4.000 MILLION

The Gewog Administration, Tsakaling had awarded the work for the construction of farm road from Damtshang Phokpa to Bartshowang and Chalagang Lhankgang on a piecemeal basis. The total cost of the construction at Nu. 4.000 million exceeded the community contracting threshold. To this, the work was divided into three packages and awarded to the community contractor by splitting the amount. (AIN: 16949; OB No.:1; Accountabilities: Direct: Pema Tenzin, Mangmi, CID No. 10716003065; Supervisory: Karma Sonam Wangchuk, Gup, CID No. 10716002494)

4.2 INADMISSIBLE EXPENSES - NU. 0.132 MILLION

The Gewog Administration, Tsakaling had booked inadmissible expenses of Nu. 0.132 million on account of procurement of explosives despite awarding the work on contract. The lapse had occurred due to non-recovery of the cost of explosives from the community contractor while settling the contractor's final bill. (AIN: 16949; OB No.:2; Accountabilities: Direct: Pema Tenzin, Mangmi, CID No. 10716003065; Supervisory: Karma Sonam Wangchuk, Gup, CID No. 10716002494)

3.4.6 GEWOGS UNDER PARO DZONGKHAG

I. DOGAR

The significant unresolved irregularities amounted to Nu. 2.419 million as summarized below:

Category Code	Category Description	Nu. in million
4	Non-compliance to laws and rules	2.419
	Total	2.419

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 2.419 MILLION

The cases of non-compliance to laws and rules involving Nu. 2.419 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
4.1	Unauthorized withdrawal	2.175
4.2	Non-submission of details on procurement of HDPE pipes	0.244
	Total	2.419

4.1 UNAUTHORIZED WITHDRAWAL - NU. 2.175 MILLION

The Gewog Administration, Dogar had made an authorized withdrawal of Nu. 2.175 million on account of maintenance of Rural Water Supply Scheme (RWSS) and renovation of Lhakhang. The budget balance against each activities were booked as expenditure without actual execution of the works in defiance to the provisions of the FRR 2016 indicating existence of ineffective internal control. (AIN: 16715; OB No.:1; Accountabilities: Direct: Phub Tshering, Accounts Assistant, EID No. 9610084; Supervisory: Lhab Tshering, Gup, CID No. 10801001188)

4.2 NON-SUBMISSION OF DETAILS ON PROCUREMENT OF HDPE PIPES - NU.0.244 MILLION

The Gewog Administration, Dogar had not submitted the details on the procurement of HDPE pipes for RWSS programme and irrigation channel. The Gewog Administration had procured HDPE pipes from M/s Muktshen Construction amounting to Nu. 3.858 million for which the details of procurement were not submitted to DNP as required thereby forgoing the rebate amount of Nu. 0.244 million. (AIN: 16715; OB No.:2; Accountabilities: Direct: Lhab Tshering, Gup, CID No. 10801001188; Supervisory: Lhab Tshering, Gup, CID No. 10801001188)

II. LAMGONG

The significant unresolved irregularities amounted to Nu. 0.278 million as summarized below:

Category Code	Category Description	Nu. in million
4	Non-compliance to laws and rules	0.278
	Total	0.278

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 0.278 MILLION

The cases of non-compliance to laws and rules involving Nu. 0.278 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
4.1	Mismatched withdrawal amounts in cash book and bank statement	0.228
4.2	Non-submission of details on procurement of HDPE pipes	0.050
	Total	0.278

4.1 MISMATCHED WITHDRAWAL AMOUNTS IN CASH BOOK AND BANK STATEMENT - NU. 0.228 MILLION

The Gewog Administration, Lamgong had mismatched amounts of withdrawals between the bank statement and cashbook aggregating to Nu. 0.228 million for the period 1 July 2017 to 28 February 2018. There was no equal and corresponding amount in cash book accounted for as against the amount withdrawn from the bank with resultant mismatch. (AIN: 16699; OB No.:3;

Accountabilities: Direct: Pema Deki, Accounts Assistant, EID No. 200807269; Supervisory: Gem Tshering, Gup, CID No. 10805001697)

4.2 NON-SUBMISSION OF DETAILS ON PROCUREMENT OF HDPE PIPES - NU. 0.050 MILLION

The Gewog Administration, Lamgong had not submitted the details on the procurement of HDPE pipes for rural water supply and sanitation programme and irrigation channel. The Gewog Administration had procured HDPE pipes from M/s Muktsen Construction amounting to Nu. 0.762 million for which the details of procurement were not submitted to DNP as required thereby forgoing the rebate amount of Nu. 0.050 million. *(AIN: 16699; OB No.:4; Accountabilities: Direct: Tshering Chenzom, GAO, EID No. 200805066; Supervisory: Gem Tshering, Gup, CID No. 10805001697)*

III. LUNGNYI

The significant unresolved irregularities amounted to Nu. 2.219 million as summarized below:

Category Code	Category Description	Nu. in million
4	Non-compliance to laws and rules	2.219
	Total	2.219

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 2.219 MILLION

The cases of non-compliance to laws and rules involving Nu. 2.219 million is as indicated below:

4.1 IRREGULAR BOOKING UNDER CLOSED WORK ACCOUNT - NU. 2.219 MILLION

The Gewog Administration, Lungnyi had booked Nu. 2.219 million under closed work account for major maintenance of Gewog meeting hall during the FY 2018-2019. The booking of expenditure under closed work account without its actual execution of the works is in defiance to the provisions of the FRR 2016 indicating existence of ineffective internal control. *(AIN: 16605; OB No.:4; Accountabilities: Direct: Jamstho, Gup, EID No. 10806001674; Supervisory: Jamstho, Gup, EID No. 10806001674)*

IV. NAJA

The significant unresolved irregularities amounted to Nu. 0.251 million as summarized below:

Category Code	Category Description	Nu. in million
4	Non-compliance to laws and rules	0.251
	Total	0.251

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 0.251 MILLION

The cases of non-compliance to laws and rules involving Nu. 0.251 million is as indicated below:

4.1 NON-SUBMISSION OF DETAILS ON PROCUREMENT OF HDPE PIPES - NU.0.251 MILLION

The Gewog Administration, Naja had not submitted details on the procurement of HDPE pipes for Rural Water Supply and sanitation programme and maintenance of irrigation channel. The Gewog Administration had procured HDPE pipes from M/s Muktsen Construction amounting to Nu. 3.960 million for which the details of procurement were not submitted to DNP as required thereby forgoing the rebate amount of Nu. 0.251 million. (AIN: 16697; OB No.:1; Accountabilities: Direct: Kinley Wangdi, Gup, CID No.10807002291, M/s Muktsen Construction, Trade License No. 2007619; Supervisory: Kinley Wangdi, Gup, CID No. 10807002291)

V. SHABA

The significant unresolved irregularities amounted to Nu. 1.498 million as summarized below:

Category Code	Category Description	Nu. in million
4	Non-compliance to laws and rules	0.899
5	Shortfalls, lapses and deficiencies	0.599
	Total	1.498

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 0.899 MILLION

The cases of non-compliance to laws and rules involving Nu. 0.899 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
4.1	Payment made for work not executed	0.399
4.2	Acceptance of Substandard works	0.500
	Total	0.899

4.1 PAYMENT FOR WORK NOT EXECUTED - NU. 0.399 MILLION

The Gewog Administration, Shaba had made payment of Nu. 0.399 million to M/s T.Y. Tshogyel Construction, in the construction of bailey bridge at Chorten Sabhu. The excess payment had occurred due to difference in the quantities paid for and quantities actually executed at site. (AIN: 16736; OB No.:1.1; Accountabilities: Direct: Rinchen Tshering, Assistant Engineer, EID No. 200407007, M/s T.Y. Tshogyel Construction, CDB No.6239; Supervisory: Chencho Gyeltshen, Gup, CID No.10808001337; Chane Zangmo, Dzongkhag Engineer, EID No. 9901228)

4.2 ACCEPTANCE OF SUBSTANDARD WORKS - NU. 0.500 MILLION

The Gewog Administration, Shaba had accepted substandard works for providing and fixing sign board valuing Nu. 0.500 million in the construction of bailey bridge at Chorten Sabhu. The concrete block measuring 200mm x 200mm x 600mm and roofing were not provided for iron sign board. (AIN: 16736; OB No.:1.4; Accountabilities: Direct: Rinchen Tshering, Assistant Engineer, EID No. 200407007, M/s T.Y. Tshogyel Construction, CDB No.6239; Supervisory: Chencho Gyeltshen, Gup, CID No.10808001337; Chane Zangmo, Dzongkhag Engineer, EID No. 9901228)

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.599 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.599 million are as indicated below:

5.1 EXCESS PAYMENT - NU. 0.599 MILLION

- a) The Gewog Administration, Shaba had made excess payment amounting to Nu. 0.532 million to M/s T.Y. Tshogyel Construction in the construction of bailey bridge at Chorten Sabhu. The excess payment had occurred due to difference in the actual work done at site as against the quantities claimed by the contractor for TMT bars in retaining walls for abutments. (AIN: 16736; OB No.:1.2; Accountabilities: Direct: Rinchen Tshering, Assistant Engineer, EID No. 200407007, M/s T.Y. Tshogyel Construction, CDB No. 6239; Supervisory: Chencho Gyeltshen, Gup, CID No. 10808001337; Chane Zangmo, Dzongkhag Engineer, EID No. 9901228)
- b) The Gewog Administration, Shaba had made excess payment amounting to Nu. 0.067 million to M/s T.Y. Tshogyel Construction in the construction of Bailey Bridge at Chorten Sabhu. The lapse had occurred due to payment at inflated rate for providing and fixing steel bridge parts. (AIN: 16736; OB No.:1.3; Accountabilities: Direct: Rinchen Tshering, Assistant Engineer, EID No. 200407007, M/s T.Y. Tshogyel Construction, CDB No. 6239; Supervisory: Chencho Gyeltshen, Gup, CID No.10808001337; Chane Zangmo, Dzongkhag Engineer, EID No.9901228)

VI. TSHENTO

The significant unresolved irregularities amounted to Nu. 17.983 million as summarized below:

Category Code	Category Description	Nu. in million
4	Non-compliance to laws and rules	17.126
5	Shortfalls, lapses and deficiencies	0.857
Total		17.983

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 17.126 MILLION

The cases of non-compliance to laws and rules involving Nu. 17.126 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
4.1	Payment made without supporting documents	0.202
4.2	Unauthorized diversion of fund	6.500
4.3	Variation in Bill of Quantities	3.065
4.4	Payment made for work less executed at site	0.134
4.5	Irregular adjustment of advance	7.225
Total		17.126

4.1 PAYMENT MADE WITHOUT SUPPORTING DOCUMENTS - NU. 0.202 MILLION

The Gewog Administration, Tshento had made payments of Nu. 0.202 million under various account heads without any legitimate supporting documents. The lapses is attributed to lack of due diligence and failure on the part of the dealing accountant and supervising officer. (AIN: 16708; OB No.:1; Accountabilities: Direct: Pema Deki, Accountant, EID No.200807269; Supervisory: Dolay Tshering, Gup, CID No.10810000805)

4.2 UNAUTHORIZED DIVERSION OF FUND - NU. 6.500 MILLION

The Gewog Administration, Tshento had made unauthorized diversion of fund of Nu. 6.500 million from the construction of farm road from Shana to Shingkarab to maintenance of farm road from Drugyel Dzong to Shana. Although the approval was sought from the Gewog Tshogde, the amount exceeded the delegation of financial power entrusted for Gewog level. (AIN: 16708; OB No.:6.1; Accountabilities: Direct: Cheki Lengkong, Engineer, EID No.200901091; Supervisory: Dolay Tshering, Gup, CID No.10810000805)

4.3 VARIATION IN BILL OF QUANTITIES - NU. 3.065 MILLION

The Gewog Administration, Tshento had a variation of Nu. 3.065 million in the Bill of Quantities for the construction of farm road from Shana to Shingkarab executed by M/s JD Construction Pvt.Ltd., Thimphu at a cost of Nu. 6.500 million. The construction of RCC culvert was not executed at site and the variation for providing and laying of GSB was more than 20%. The lapses had occurred due to lack of due diligence, monitoring and supervision by the concern site engineer and supervising officer. (AIN: 16708; OB No.:6.2; Accountabilities: Direct: Cheki Lengkong, Engineer, EID No.200901091; Supervisory: Dolay Tshering, Gup, CID No.10810000805)

4.4 PAYMENT MADE FOR WORK LESS EXECUTED AT SITE - NU. 0.134 MILLION

The Gewog Administration, Tshento had made excess payment amounting to Nu. 0.134 million to the community contractor in the construction of irrigation channel from Phubchuna to Lapsathang. The lapses had occurred due to difference in quantities of work executed at site and paid for some items of works like; for providing and laying of HDPE pipes, hand packed stone soling and PCC work. (AIN: 16708; OB No.:7; Accountabilities: Direct: Kumar, Engineer, EID No.201101254; Supervisory: Dolay Tshering, Gup, CID No. 10810000805)

4.5 IRREGULAR ADJUSTMENT OF ADVANCE - NU. 7.225 MILLION

The Gewog Administration, Tshento had made irregular booking of Nu. 7.225 million under closed work account without completion of the work pertaining to the construction of bailey bridge at Lemdo. The lapses had occurred due to non-adherence to the provisions of the FRR 2016. (AIN: 16708; OB No.:5; Accountabilities: Direct: Rinchen Tshering, Engineer, EID No. 200407007; Supervisory: Dolay Tshering, Gup, CID No. 10810000805)

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.857 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.857 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
5.1	Outstanding advance	0.084
5.2	Execution of substandard works	0.773
	Total	0.857

5.1 OUTSTANDING ADVANCE- NU.0.084 MILLION

The Gewog Administration, Tsento had outstanding advance of Nu. 0.084 million lying against Ms. Pema Deki, Accounts Assistant as at 30 June 2019. (AIN: 16708; OB No.:3; Accountabilities: Direct: Pema Deki, Accountant, EID No. 200807269; Supervisory: Dolay Tshering, Gup, CID No. 10810000805)

5.2 EXECUTION OF SUBSTANDARD WORKS - NU. 0.773 MILLION

The Gewog Administration, Tsento had accepted substandard works amounting to Nu. 0.773 million in the construction of farm road from Shana to Shingkarab. The V-shaped drain

construction was totally worn out and damaged due to poor workmanship and execution and acceptance of substandard works. (AIN: 16708; OB No.:6.3; Accountabilities: Direct: Cheki Lengkong, Engineer, EID No.200901091; M/s Jigme Dorji Construction, CDB No. 1987; Supervisory: Dolay Tshering, Gup, CID No. 10810000805)

VII. DOPSHARI

The significant unresolved irregularities amounted to Nu. 0.177 million as summarized below:

Category Code	Category Description	Nu. in million
4	Non-compliance to laws and rules	0.177
	Total	0.177

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 0.177 MILLION

The cases of non-compliance to laws and rules involving Nu. 0.177 million are as indicated below:

4.1 PAYMENTS FOR WORK NOT EXECUTED - NU. 0.125 MILLION

- a) The Gewog Administration, Dopshari had made payment of Nu. 0.125 million to community contractor in the construction of Lhakhang Sarp. The excess payment had occurred due to difference in the quantities paid for and quantities actually executed at site for sumdang paintings on rabsey, door and window components. (AIN: 16710; OB No.:1; Accountabilities: Direct: Chundu Dorji, Site Engineer, EID No. 200707082; Ugyen, Community Contractor, CID No. 10802000361; Supervisory: Tshering Dorji, Gup, CID No. 10802001445)
- b) The Gewog Administration, Dopshari had made payment of Nu. 0.052 million to community contractor in the maintenance of farm road from Tajomo to Bemzingkha. The payment pertained to construction of v-shaped drain which were not executed at site. (AIN: 16710; OB No.:2; Accountabilities: Direct: Chundu Dorji, Site Engineer, EID No. 200707082; M/s Tajomo-Bemzingkha community contractor, CID No. 10802001058; Supervisory: Tshering Dorji, Gup, CID No. 10802001445)

3.4.7 GEWOGS UNDER PEMAGATSHEL

I. SHUMAR

The significant unresolved irregularities amounted to Nu. 0.063 million as summarized below:

Category Code	Category Description	Nu. in million
5	Shortfalls, lapses and deficiencies	0.063
	Total	0.063

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.063 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.063 million is as indicated below:

5.1 EXCESS PAYMENT - NU. 0.063 MILLION

The Gewog Administration, Shumar had made excess payment of Nu. 0.063 million to M/s Namgyal Construction, Pemagatshel in the construction of Shali-Zhingri farm road. The contractor was paid for 3059 m³ of excavation of road formation cutting and earthen drain as against the actual executed quantity of 2910 m³. *(AIN: 16558; OB No.:1; Accountabilities: Direct: Damchoe Zangmo, Site Engineer, EID No. 9707057; M/s Namgyal Construction, CDB No. 5762; Supervisory: Sangay Choephel, Gup, CID No. 10905005642)*

3.4.8 GEWOGS UNDER SAMTSE DZONGKHAG

I. PHUENTSHOPELRI

The significant unresolved irregularities amounted to Nu. 1.812 million as summarized below:

Category Code	Category Description	Nu. in million
5	Shortfalls, lapses and deficiencies	1.812
	Total	1.812

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 1.812 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 1.812 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
5.1	Excess payment	0.741
5.2	Outstanding advance	1.071
	Total	1.812

5.1 EXCESS PAYMENT - NU. 0.741 MILLION

- a) The Gewog Administration, Phuentshopelri had made excess payment of Nu. 0.170 million towards hiring charges of machinery in the construction of Khanigoan farm road under Phuentshopelri Gewog. The excess payments had occurred due to payment for 1004 hours as against actual engagement of 941 hours. *(AIN: 16872; OB No.:1.1; Accountabilities: Direct: Biren Giri, Engineer, EID No. 9907152; Supervisory: Robat Lepcha, Gup, CID No. 11212003548)*
- b) The Gewog Administration, Phuentshopelri had made excess payment of Nu. 0.223 million towards hiring charges of machinery in the construction of Khanigoan farm road under Phuentshopelri Gewog. The excess payments had occurred due to payment of machine hour without deducting for lunch break, fitting and removal of bucket. *(AIN: 16872; OB No.:1.2; Accountabilities: Direct: Biren Giri, Engineer, EID No. 9907152; Supervisory: Robat Lepcha, Gup, CID No. 11212003548)*
- c) The Gewog Administration, Phuentshopelri had made excess payment of Nu. 0.348 million towards hiring charges of machinery in the construction of Khanigoan farm road under Phuentshopelri Gewog. The excess payments had occurred due to application of higher rate than the quoted rate. The hourly rate for engaging the rock breaker machine was paid at Nu. 3,500.00 per hour against the quoted rate of Nu. 1,999.00 per hour. *(AIN: 16872; OB No.:1.3; Accountabilities: Direct: Biren Giri, Engineer, EID No. 9907152; Supervisory: Robat Lepcha, Gup, CID No. 11212003548)*

5.2 OUTSTANDING ADVANCE - NU. 1.071 MILLION

- a) The Gewog Administration, Phuentshopelri had outstanding advances of Nu. 0.921 million against various parties and individuals as on 30 June 2019. The advances were sanctioned from Corporate Social Responsibility fund provided by PCAL. (AIN: 16872; OB No.:2; Accountabilities: Direct: Robat Lepcha, Gup, CID No. 11212003548; Supervisory: Robat Lepcha, Gup, CID No. 11212003548)
- b) The Gewog Administration, Phuentshopelri had not adjusted PW advances of Nu. 0.150 million against Sangay Penjor, GAO released for conducting waste management training. (AIN: 16872; OB No.:3; Accountabilities: Direct: Sangay Penjor, GAO, EID No. 200705045; Supervisory: Robat Lepcha, Gup, CID No. 11212003548)

II. DOPHOOGCHEN

The significant unresolved irregularities amounted to Nu. 0.942 million as summarized below:

Category Code	Category Description	Nu. in million
5	Shortfalls, lapses and deficiencies	0.942
	Total	0.942

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.942 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.942 million is as indicated below:

5.1 EXCESS PAYMENT - NU. 0.942 MILLION

- a) The Gewog Administration, Dophoogchen had made excess payment of Nu. 0.550 million to M/s Youzer 2011 Construction, Chukha in the Construction of RCC bridge along Sauray to Sangay farm road. The excess payment occurred due to differences in quantities claimed by the contractor and actual quantities executed at site. (AIN: 16829; OB No.:1; Accountabilities: Direct: Tashi Tobgay, AE, EID No. 20130402087; M/s Youzer 2011 Construction, CDB No. 5819; Supervisory: Padam Bdr. Rai, Gup, CID No. 11206003012)
- b) The Gewog Administration, Dophoogchen had made excess payment of Nu. 0.311 million to M/s Ugyen Dema Construction, Haa in the Construction of Gup office. The excess payments had occurred due to differences in quantities claimed by the contractor and actual quantities executed at site. (AIN: 16829; OB No.:2; Accountabilities: Direct: Tashi Tobgay, AE, EID No. 20130402087; M/s Ugyen Dema Construction, CDB No. 5708; Supervisory: Padam Bdr. Rai, Gup, CID No. 11206003012)
- c) The Gewog Administration, Dophoogchen had made excess payment of Nu. 0.081 million to M/s Tshering Equipment & Hiring Unit in the Construction of farm Road from Tarigoan to Namchuu. The excess payment of hiring charges had occurred due to payment for 305 hours as against actual engagement of 269 hours. (AIN: 16829; OB No.:3; Accountabilities: Direct: Tashi Tobgay, AE, EID No. 20130402087; M/s Tshering Equipment & Hiring units, License No. 2009280; Supervisory: Padam Bdr. Rai, Gup, CID No. 11206003012)

III. NAMGAYCHHOELING

The significant unresolved irregularities amounted to Nu. 1.368 million as summarized below:

Category Code	Category Description	Nu. in million
4	Non-compliance to laws and rules	1.112
5	Shortfalls, lapses and deficiencies	0.256
	Total	1.368

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 1.112 MILLION

The cases of non-compliance to laws and rules involving Nu. 1.112 million is as indicated below:

4.1 NON-LEVY OF LIQUIDATED DAMAGES – NU. 1.112 MILLION

The Gewog Administration, Namgaychhoeling had not levied liquidated damages amounting to Nu. 1.112 million for delay in completion of Bailey bridge construction over ShetiKhola executed by M/s DrukGyelyong Construction. The Gewog administration had taken over the incomplete work without levying liquidated damages. (AIN: 16850; OB No.:2.2; Accountabilities: Direct: Tashi Wangchuk, JE, EID No. 2014010348; Supervisory: Ratna Bdr. Ghalley, Gup, CID No. 11209001011)

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.256 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.256 million is as indicated below:

5.1 LESS PAYMENT - NU. 0.256 MILLION

The Gewog Administration, Namgaychhoeling had made excess payment of Nu. 0.209 million to M/s DrukGyelyong Construction in providing and laying RRM wall. On the other hand, it was found that the contractor was underpaid to the tune of Nu.0.465 million for RCC and PCC works. The net amount of Nu.0.256 million still remains payable to the contractor. (AIN: 16850; OB No.:2.1; Accountabilities: Direct: Tashi Wangchuk, JE, EID No. 2014010348; Supervisory: Ratna Bdr. Ghalley, Gup, CID No. 11209001011)

IV. SANGAGCHOLING

The significant unresolved irregularities amounted to Nu. 11.073 million as summarized below:

Category Code	Category Description	Nu. in million
2	Embezzlement	0.838
5	Shortfalls, lapses and deficiencies	10.235
	Total	11.073

2. EMBEZZLEMENT

The cases with elements of embezzlement involving Nu. 0.838 million is as indicated below:

2.1 SHORTAGES OF MATERIALS – NU. 0.838 MILLION

The Gewog Administration, Sangagcholing had shortages of HDPE pipes, sockets and flanges amounting to Nu. 0.838 million purchased for the construction of irrigation channels. The shortage could be attributed to poor custody of materials at site and non-maintenance of

inventory register to indicate the receipts and subsequent issue of materials. (AIN: 16930; OB No.:1.2; Accountabilities: Direct: Sherab Zangpo, GAO, EID No. 200805067; Supervisory: Kalyan Pradhan, Gup, CID No. 11203004272)

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 10.235 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 10.235 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
5.1	Wasteful expenditure on irrigation channel	8.870
5.2	Excess payment	1.365
	Total	10.235

5.1 WASTEFUL EXPENDITURE ON IRRIGATION CHANNEL - NU. 8.870 MILLION

The Gewog Administration, Sangagcholing had spent Nu. 8.870 million for the construction of Jiti A&B and Tharphu irrigation channel through SDP and RGoB funding respectively. The materials were procured by the Gewog Administration and executed by community contractors. However, due to inadequate survey, wrong alignment and execution of substandard work, the construction of irrigation channel failed to meet its intended purpose and could not be utilized resulting in wasteful expenditure. (AIN: 16930; OB No.:1.1; Accountabilities: Direct: Tshering Phuntsho, Site Engineer, EID No. 20130402086; Supervisory: Sherab Zangpo, GAO, EID No. 200805067)

5.2 EXCESS PAYMENT- NU.1.365 MILLION

- The Gewog Administration, Sangagcholing had made excess payment of Nu. 0.313 million to the community contractor in the construction of irrigation channel at Tharphu. The excess payment occurred due to incorrect recording of the length of HDPE pipe in the measurement book against the actual quantity provided at site. (AIN: 16930; OB No.:1.3; Accountabilities: Direct: Kezang, Site Engineer, EID No. 200807187; Supervisory: Sherab Zangpo, GAO, EID No. 200805067)
- The Gewog Administration, Sangagcholing had made excess payment amounting to Nu. 0.231 million on account of procurement of HDPE sockets from M/s Deki Yangzom Enterprise, Samtse. The excess payments had occurred due to acceptance of higher rate instead of approved rate of Bhutan Polythene Company Limited, Phuentsholing. (AIN: 16930; OB No.:1.4; Accountabilities: Direct: Lungten Peldon, Accountant, EID No. 201007205; Supervisory: Sherab Zangpo, GAO, EID No. 200805067)
- The Gewog Administration, Sangagcholing had made excess payment of Nu. 0.821 million to M/s K. Ngawang Construction in the construction of RCC T-Girder bridge at Sombek under Sangacholing Gewog. The excess payment had occurred due to difference in quantities claimed by the contractor and actual quantities executed at site for RRM wall in substructure. (AIN: 16930; OB No.:2.1; Accountabilities: Direct: Tshering Phuntsho, Site Engineer, EID No. 20130402086; Supervisory: Kinzang Dorji, DE, EID No. 9807036)

V. TADING

The significant unresolved irregularities amounted to Nu. 0.900 million as summarised below:

Category Code	Category Description	Nu. in million
3	Mismanagement	0.550
4	Non-compliance to laws and rules	0.350
	Total	0.900

3. MISMANAGEMENT – NU.0.550 MILLION

The cases of mismanagement involving Nu. 0.550 million is as indicated below:

3.1 WASTEFUL EXPENDITURE ON RETAINING WALL - NU. 0.550 MILLION

The Gewog Administration, Tading had spent Nu. 0.550 million in the construction of retaining wall for suspension bridge near Gewog office. The work was executed by the community contractor. Subsequently, the retaining wall was completely washed away resulting in wasteful expenditure and causing financial loss to the government. The lapses could be attributed to inadequate planning and executing the work during monsoon season. (AIN: 16913; OB No.:2.3; Accountabilities: Direct: Dil Bdr. Ghalley, JE, EID No. 200508151; Phurba Singh Tamang, Chairman, Community Contractor, CID No. 11215000233; Supervisory: Jagat Bdr. Ghalley, Gup, CID No. 11215001303)

4. NON-COMPLIANCE TO LAWS AND RULES – NU.0.350MILLION

The case of non-compliance to laws and rules involving Nu. 0.350 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
4.1	Unclaimed security deposits	0.272
4.2	Non-levy of liquidated damages	0.078
	Total	0.350

4.1 UNCLAIMED SECURITY DEPOSITS – NU. 0.272 MILLION

The Gewog Administration, Tading had unclaimed security deposits amounting to Nu. 0.272 million of various contractors since the financial year 2010-2011. Despite having completed the works and serving the defect liability period, contractors had not claimed the amount. (AIN: 16913; OB No.:1.1; Accountabilities: Direct: Sonam Choden, Accountant, EID No. 201007207; Lungten Peldon, Accountant, EID No. 201007205; Supervisory: Jagat Bdr. Ghalley, Gup, CID No. 11215001303)

4.2 NON-LEVY OF LIQUIDATED DAMAGES – NU. – 0.078 MILLION

The Gewog Administration, Tading had not levied liquidated damages amounting to Nu. 0.078 million for delay of 274 days in the construction of the dining hall at Taba Dramtoe LSS executed by community contractor. The applicable liquidated damages at 10% of the final contract price were not levied. (AIN: 16913; OB No.:2.1; Accountabilities: Direct: Dil Bdr. Ghalley, JE, EID No. 200508151; Chimmi Doya, Chairman, Community Contractor, CID No. 11215002288; Supervisory: Jagat Bdr. Ghalley, Gup, CID No. 11215001303)

VI. TENDRUK

The significant unresolved irregularities amounted to Nu. 1.310 million as summarized below:

Category Code	Category Description	Nu. in million
4	Non-compliance to laws and rules	0.676
5	Shortfalls, lapses and deficiencies	0.634
	Total	1.310

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 0.676 MILLION

The cases of non-compliance to laws and rules involving Nu. 0.676 million is as indicated below:

4.1 EXCESS PROCUREMENT OF MATERIALS – NU. 0.676 MILLION

The Gewog Administration, Tendruk had procured materials valuing Nu. 0.676 million for construction of irrigation channel under different chiwogs. Since the Gewog already had adequate materials in stock, the procurement were in excess of requirement. Further, adequate inventory registers were not maintained. *(AIN: 16915; OB No.:1.2; Accountabilities: Direct: Nima Drukpa, Gup, CID No. 11216000379; Supervisory: Nima Drukpa, Gup, CID No. 11216000379)*

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.634 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.634 million is as indicated below:

5.1 EXCESS PAYMENT- NU. 0.634 MILLION

The Gewog Administration, Tendruk had made excess payment of Nu. 0.634 million to M/s Deki Wangmo Tshongkhag due to application of rates higher than quoted rate for procurement of HDPE pipe flanges. The cost difference was computed based on the Dzongkhag annual quotation rate for 2018-2019 and the invoice price. *(AIN: 16915; OB No.:1.1; Accountabilities: Direct: Yonten Norbu, Engineer, EID No. 200507210; Supervisory: Nima Drukpa, Gup, CID No. 11216000379)*

VII. TASHICHOLING

The significant unresolved irregularities amounted to Nu. 3.183 million as summarized below:

Category Code	Category Description	Nu. in million
1	Fraud and Corruption	0.456
2	Embezzlement	0.743
3	Mismanagement	0.363
4	Non-compliance to laws and rules	1.209
5	Shortfalls, lapses and deficiencies	0.412
	Total	3.183

1. FRAUD AND CORRUPTION – NU. 0.456 MILLION

The cases with elements of fraud and corruption involving Nu. 0.456 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
1.1	Misappropriation of fund	0.406
1.2	Misuse of government property	0.050

	Total	0.456
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1.1 MISAPPROPRIATION OF FUNDS – NU. 0.406 MILLION

The Gewog Administration, Tashicholing had misappropriated Nu. 0.406 million by inflating the numbers of days for farmers training on Water User Association. The actual days of training were less compared to the one reflected on the payment details maintained by the Gewog Administration. (AIN: 16868; OB No.:4; Direct Accountabilities: Ngawang Dorji, AEO, CID No. 200407230; Supervisory: Samir Giri, Gup, CID No. 11202000900)

1.2 MISUSE OF PUBLIC PROPERTY – NU. 0.050 MILLION

The Chairman of Dangling Vegetable Group had misused and illegally sold the micro tiller to a private individual at Nu. 0.050 million. The micro tiller procured during 2014-2015 at a cost of Nu. 0.085 million was under the custody of the Chairman. The lapses had occurred apparently due to inadequate monitoring, supervision by the Gewog administration and lack of sense of ownership on the part of the beneficiaries. (AIN: 16868; OB No.:8; Direct Accountabilities: Samir Giri, Gup, CID No. 11202000900; Supervisory: Samir Giri, Gup, CID No. 11202000900)

2. EMBEZZLEMENT – NU. 0.743 MILLION

The cases with elements of embezzlement involving Nu. 0.743 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
2.1	Shortages of materials	0.542
2.2	Shortages of cash	0.137
2.3	Short accountal	0.064
	Total	0.743

2.1 SHORTAGES OF MATERIALS – NU. 0.542 MILLION

- a) The Gewog Administration, Tashicholing had shortages of MS angle posts valuing Nu. 0.335 million. Out of 800 numbers MS angle posts, 436 numbers were missing from site. The shortage could be attributed to poor custody of material and sheer negligence. (AIN: 16868; OB No.:1.3.1; Direct Accountabilities: Samir Giri, Gup, CID No. 11202000900; Supervisory: Samir Giri, Gup, CID No. 11202000900)
- b) The Gewog Administration, Tashicholing had cases of shortages of cement valuing Nu. 0.021 million procured for the construction of electric fencing. From 150 bags of cement, 64 bags were found missing. (AIN: 16868; OB No.:1.3.2; Direct Accountabilities: Samir Giri, Gup, CID No. 11202000900; Supervisory: Samir Giri, Gup, CID No. 11202000900)
- c) The Gewog Administration, Tashicholing had shortages of electric fencing materials worth Nu. 0.048 million. The differences were noted in stock balance as per the inventory register and physical count. (AIN: 16868; OB No.:1.3.3; Direct Accountabilities: Samir Giri, Gup, CID No. 11202000900; Supervisory: Samir Giri, Gup, CID No. 11202000900)
- d) The Gewog Administration, Tashicholing had shortages of 20mm, 25mm and 63mm HDPE pipes valuing Nu. 0.091 million. There were differences in quantity procured and quantity issued. (AIN: 16868; OB No.:3.1; Direct Accountabilities: Surjay Gurung, Mangmi, CID No. 21214000573; Supervisory: Samir Giri, Gup, CID No. 11202000900)

- e) The Gewog Administration, Tashicholing had cases of shortages of cement valuing Nu. 0.047million procure from M/s Wangdi Cement Agent, Tashicholing. Out of 333 bags of cement, 182 bags were issued and remaining quantity of 151 bags were missing. The lapses had occurred due to poor custody of materials and inadequate maintenance of inventory records. (AIN: 16868; OB No.:3.2; Direct Accountabilities: Surjay Gurung, Mangmi, CID No. 21214000573; Supervisory: Samir Giri, Gup, CID No. 11202000900)

2.2 SHORTAGE OF CASH – NU. 0.138 MILLION

The Mangmi of Gewog Administration, Tashicholing had misused Nu. 0.138 million from the collections made from public. Since 2017, the Gewog had been collecting Nu. 180 per household in meeting crematorium caretaker's salary. (AIN: 16868; OB No.:9; Direct Accountabilities: Surjay Gurung, Mangmi, CID No. 21214000573; Supervisory: Samir Giri, Gup, CID No. 11202000900)

2.3 SHORT ACCOUNTAL OF FUNDS – NU. 0.064 MILLION

The Gewog Administration, Tashicholing had short accountal of funds amounting to Nu. 0.064 million on account of water connection charges to new house construction. From the total collection of Nu. 0.127 million, only Nu. 0.063 million were accounted for. Further, the Gewog does not have a system of issuing money receipt to document a proof of financial transaction and to acknowledge the payer. (AIN: 16868; OB No.:10.1; Direct Accountabilities: Surjay Gurung, Mangmi, CID No. 21214000573; Supervisory: Samir Giri, Gup, CID No. 11202000900)

3. MISMANAGEMENT – NU.0.363 MILLION

The cases of mismanagement involving Nu. 0.363 million is as indicated below:

3.1 UNDERUTILIZATION OF MATERIALS – NU. 0.363 MILLION

The Gewog Administration, Tashicholing had failed to make use of the electric fencing materials valuing Nu. 0.363 million. Polar energizer, solar panel and earthing slabs were left unutilized at site without recording in the inventory registers. (AIN: 16868; OB No.:1.5; Direct Accountabilities: Samir Giri, Gup, CID No. 11202000900; Supervisory: Samir Giri, Gup, CID No. 11202000900)

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 1.209 MILLION

The cases of non-compliance to laws and rules involving Nu. 1.209 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
4.1	Payment without supporting documents	0.740
4.2	Payment without verification	0.259
4.3	Short accountal of collection	0.210
Total		1.209

4.1 PAYMENT WITHOUT SUPPORTING DOCUMENTS – NU. 0.740 MILLION

- a) The Gewog Administration, Tashicholing had made expenditure amounting to Nu. 0.440 million without supporting documents. The expenditure incurred for the maintenance of farm roads were not authenticated by log book and the purpose of the expenses could not be verified due to lack of details. (AIN: 16868; OB No.:2.1; Direct Accountabilities: Surjay Gurung, Mangmi, CID No. 21214000573; Supervisory: Samir Giri, Gup, CID No. 11202000900)

- b) The Gewog Administration, Tashicholing had failed to produce supporting documents to authenticate the payment of Nu. 0.300 million incurred towards purchase of chadri items. (AIN: 16868; OB No.:5; Direct Accountabilities: Samir Giri, Gup, CID No. 11202000900; Supervisory: Samir Giri, Gup, CID No. 11202000900)

4.2 PAYMENT WITHOUT VERIFICATION – NU. 0.259 MILLION

The Gewog Administration, Tashicholing had booked expenditure amounting to Nu. 0.259 million on account of purchase of fuel without verification. The lapses indicate lack of adequate supervision and failure to exercise due diligence while approving the payments. (AIN: 16868; OB No.:2.2; Direct Accountabilities: Surjay Gurung, Mangmi, CID No. 21214000573; Supervisory: Samir Giri, Gup, CID No. 11202000900)

4.3 SHORT ACCOUNTAL OF COLLECTION – NU. 0.210 MILLION

The Gewog Administration, Tashicholing had short accountal of Nu. 0.210 million on account of collections made from public. From the total collection of Nu. 0.237 million, a sum of Nu. 0.027 million was paid to the water caretaker and fund of Nu. 0.210 million stands unaccounted. (AIN: 16868; OB No.:10.2; Direct Accountabilities: Surjay Gurung, Mangmi, CID No. 21214000573; Supervisory: Samir Giri, Gup, CID No. 11202000900)

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.412 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.412 million is as indicated below:

5.1 EXCESS PAYMENT - NU. 0.412 MILLION

- a) The Gewog Administration, Tashicholing had made excess payments of Nu. 0.249 million in the construction of electric fencing at Kangduphu executed by M/s Ezra Fabrication Unit. The excess payment occurred due to differences in quantities of work actually executed and quantities for which payment was made. (AIN: 16868; OB No.:1.4.1; Direct Accountabilities: Dophu Drukpa, Engineer, EID No. 201101205; Supervisory: Samir Giri, Gup, CID No. 11202000900)
- b) The Gewog Administration, Tashicholing had made excess payments of Nu. 0.086 million in the construction of electric fencing at Kangduphu executed by M/s Ezra Fabrication Unit. As against the requirement to supply 40x40x6mm MS angle post, the fabrication unit had supplied 40x40x5mm which resulted to excess payment. (AIN: 16868; OB No.:1.4.2; Direct Accountabilities: Dophu Drukpa, Engineer, EID No. 201101205; Supervisory: Samir Giri, Gup, CID No. 11202000900)
- c) The Gewog Administration, Tashicholing had made excess payments of Nu. 0.077 million in the construction of Prabachan hall at Shivalaya Mandir executed by M/s Yuden Lham Construction, Samtse. The excess payment had occurred due to differences in quantities of work actually executed and quantities for which payment was made. (AIN: 16868; OB No.:7.2; Direct Accountabilities: Surjay Gurung, Mangmi, CID No. 21214000573; Supervisory: Samir Giri, Gup, CID No. 11202000900)

3.4.9 GEWOG UNDER SARPANG DZONGKHAG

I. DEKILING

The significant unresolved irregularities amounted to Nu. 0.085 million as summarized below:

Category Code	Category Description	Nu. in million
3	Mismanagement	0.085
	Total	0.085

3. MISMANAGEMENT – NU. 0.085 MILLION

The case of mismanagement involving Nu. 0.085 million is as indicated below:

3.1 SHORTAGES OF REVENUE - NU. 0.085 MILLION

The Gewog Administration, Dekiling had shortages of revenue amounting to Nu. 0.085 million. The difference had occurred due to shortage in fund balance as per bank statement and cash book for CD Account No. 102747515. The cashbook had closing balance of Nu. 0.170 million against the bank balance of Nu.0.085 million resulting to shortage of revenue to the tune of Nu. 0.085 million. *(AIN: 16827; OB No.:1; Accountabilities: Direct: Padam Singh Mongar, Gup, CID No. 21303000256; Supervisory: Padam Singh Mongar, Gup, CID No. 21303000256)*

II. GELEPHU

The significant unresolved irregularities amounted to Nu. 0.088 million as summarized below:

Category Code	Category Description	Nu. in million
5	Shortfalls, lapses and deficiencies	0.088
	Total	0.088

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.088 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.088 million is as indicated below:

5.1 EXCESS PAYMENT - NU. 0.088 MILLION

The Gewog Administration, Gelephu had made excess payment of Nu. 0.088 million to M/s Chimi Jamyang Enterprise, Gelephu toward procurement of HDPE pipes. The lapses had occurred due to application of higher rates than the approved rates. The difference in rates were noted in HDPE pipes of sizes 63mm, 50mm, 40mm and 32mm with pressure nominal (PN) of 10kg/cm. *(AIN: 16837; OB No.:1; Accountabilities: Direct: Sangay Choden, Technician, CID No. 11106003098; Supervisory: Ugyen Wangchuk, Gup, CID No. 11306002353)*

3.4.10 GEWOG UNDER SAMDRUPJONGKHAR DZONGKHAG

I. PHUNTSHOTHANG

The significant unresolved irregularities amounted to Nu. 0.133 million as summarized below:

Category Code	Category Description	Nu. in million
4	Non-compliance to laws and rules	0.133
	Total	0.133

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 0.133 MILLION

The case of non-compliance to laws and rules involving Nu. 0.133 million is as indicated below:

4.1 SHORT-LEVY OF LIQUIDATED DAMAGES – NU. 0.133 MILLION

The Gewog Administration, Phuntshothang had short-levied liquidated damages amounting Nu. 0.133 million in the construction of Gewog Office at Phuntshothang awarded to M/s Sangay Lhamo Construction, Samdrupjongkhar. The Gewog Administration had levied only Nu. 0.061 million as against maximum liable liquidated damages (i.e. 10% of final price) of Nu. 0.194 million for delay 377 days. *(AIN: 16524; OB No.:1; Accountabilities: Direct: Damchoe Zangmo, Dungkhag Engineer, EID No. 9707098; M/s Sangay Lhamo Construction, CDB No. 4769; Supervisory: Jamyang Gyeltshen, Gup, CID No. 11109000379)*

3.4.11 GEWOG UNDER TRONGSA DZONGKHAG

I. DRAKTENG

The significant unresolved irregularities amounted to Nu. 0.600 million as summarized below:

Category Code	Category Description	Nu. in million
5	Shortfalls, lapses and deficiencies	0.600
	Total	0.600

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.600 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.600 million is as indicated below:

5.1 OUTSTANDING ADVANCE - NU. 0.600 MILLION

The Gewog Administration, Drakteng had not adjusted PW advances amounting to Nu. 0.600 million against Regional Office, DoR, Trongsa. The advances were released for deposit works and lying unadjusted since the end of FY 2017-2018. *(AIN: 16480; OB No.:2; Accountabilities: Direct: Sangay Dorji, Accounts Assistant, EID No. 201820110522; Supervisory Accountability: Kinzang Dorji, Gup, CID No. 11701001704)*

II. TANGSIBJI

The significant unresolved irregularities amounted to Nu. 0.166 million as summarized below:

Category Code	Category Description	Nu. in million
1	Fraud and Corruption	0.021
5	Shortfalls, lapses and deficiencies	0.145

	Total	0.166
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1. FRAUD AND CORRUPTION – NU. 0.021 MILLION

The cases with elements of fraud and corruption involving Nu. 0.021 million is as indicated below:

1.1 PAYMENT WITHOUT EXECUTION OF WORK – NU. 0.021 MILLION

The Gewog Administration, Tangsibji had made inadmissible payment of Nu. 0.021 million to community contractor in the construction of sales counter at Chendipji. The lapses had occurred due to payment for providing and fixing plywood, ridging and roof frames without executing at site. *(AIN: 16481; OB No.:4; Accountabilities: Direct: Karma Dorji Sherpa, AE, EID No. 20070789; Supervisory: Gyembo Dorji, Gup, CID No. 11705002197)*

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.145 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.145 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
5.1	Unreconciled amount	0.067
5.2	Outstanding advance	0.078
	Total	0.145

5.1 UNRECONCILED AMOUNT - NU. 0.067 MILLION

The Gewog Administration, Tangsibji had unreconciled amount in refundable deposit account amounting to Nu. 0.067 million as at 30 June 2018. The lapses had occurred due to non-conduct of periodic reconciliation of refundable deposit accounts. *(AIN: 16481; OB No.:2; Accountabilities: Direct: Tshering Dawa, Accounts Assistant, EID No. 20141204880; Supervisory: Gyembo Dorji, Gup, CID No. 11705002197)*

5.2 OUTSTANDING ADVANCE - NU. 0.078 MILLION

The Gewog Administration, Tangsibji had not adjusted PW advances amounting to Nu. 0.078 million against M/s Tshering Choden Construction which had not been adjusted by the end of the financial year. The outstanding advances pertained to the FY 2017-18. *(AIN: 16481; OB No.:5; Accountabilities: Direct: Kinzang Tenzin, EID No. 201001716; Supervisory: Gyembo Dorji, Gup, CID No. 11705002197)*

3.4.12 GEWOGS UNDER TRASHI YANGTSE

I. BUMDELING

The significant unresolved irregularities amounted to Nu. 0.135 million as summarised below:

Category Code	Category Description	Nu. in million
2	Embezzlement	0.065
3	Mismanagement	0.070
	Total	0.135

2. EMBEZZLEMENT

The cases with elements of embezzlement involving Nu. 0.065 million is as indicated below:

2.1 NON-DEPOSIT OF CORDYCEPS COLLECTION FEES – NU. 0.065 MILLION

The Gewog Administration, Bumdeling had failed to deposit the revenue collections on account of cordyceps fee amounting to Nu. 0.065 million in CD Account and DoFPS account during the FY 2018-2019. Nu. 0.016 million and Nu. 0.049 million were not deposited to CD Account and DoFPS accounts respectively. The lapses had occurred due to non-adherence to the guidelines for collection of cordyceps issued by the Department of Forest and Park Services. (AIN: 16428; OB No.:1; Accountabilities: Direct: Mani Wangda, Former Gup, CID No. 11601001060; Supervisory: Tshering Wangchuk, Officiating Gup, CID No.11601001512)

3. MISMANAGEMENT – NU. 0.070 MILLION

The case of mismanagement involving Nu. 0.070 million is as indicated below:

3.1 INAPPROPRIATE PAYMENT FROM CD ACCOUNT – NU. 0.070 MILLION

The Gewog Administration, Bumdeling had made inappropriate payment of Nu. 0.070 million from CD Account during the FY 2018-2019. Amount of Nu.0.060 million was paid towards life insurance and Nu. 0.010 million was withdrawn by the Gup from Gewog CD Account. The lapses could be attributed to weak internal control and inadequate supervision. (AIN: 16428; OB No.:2; Accountabilities: Direct: Mani Wangda, Former Gup, CID No.11601001060; Supervisory: Tshering Wangchuk, Officiating Gup, CID No.11601001512)

II. TONGMIJANGSA

The significant unresolved irregularities amounted to Nu. 0.600 million as summarized below:

Category Code	Category Description	Nu. in million
5	Shortfalls, lapses and deficiencies	0.600
	Total	0.600

5. SHORTFALL, LAPSES AND DEFICIENCIES – NU. 0.600 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.600 million is as indicated below:

5.1 NON-EXECUTION OF RWSS REHABILITATION WORKS - NU. 0.600 MILLION

The Gewog Administration, Tongmijangsa had failed to commence the RWSS rehabilitation works after incurring a cost of Nu. 0.600 million on account of procurement of materials during the financial year 2018-2019. The lapses had occurred due to inadequate supervision by the Gewog and Dzongkhag Administration further exacerbated by lack of ownership to execute the work. (AIN: 16433; OB No.:1; Accountabilities: Direct: Tashi Dorji, Gup, CID No. 11606003096; Supervisory: Tashi Dorji, Gup, CID No. 11606003096)

3.4.13 GEWOGS UNDER TSIRANG DZONGKHAG

I. TSIRANGTOED

The significant unresolved irregularities amounted to Nu. 0.954 million as summarized below:

Category Code	Category Description	Nu. in million
5	Shortfalls, lapses and deficiencies	0.954
	Total	0.954

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.954 MILLION

The case of shortfalls, lapses and deficiencies involving Nu. 0.954 million is as indicated below:

5.1 OUTSTANDING ADVANCE - NU. 0.954 MILLION

The Gewog Administration, Tsirangtoed had outstanding PW Advance of Nu. 0.954 million lying against M/s Tak Seng Construction as at 08 December 2019. The outstanding advance pertained to material secured advance towards the construction of suspension bridge. *(AIN: 16800; OB No.:5; Accountabilities: Direct: Nar Bdr. Rai, Gup, CID No. 11812001170; Supervisory: Nar Bdr. Rai, Gup, CID No. 11812001170)*

II. SHEMJONG

The significant unresolved irregularities amounted to Nu. 0.110 million as summarized below:

Category Code	Category Description	Nu. in million
4	Non-compliance to laws and rules	0.110
	Total	

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 0.110 MILLION

The case of non-compliance to laws and rules involving Nu. 0.110 million is as indicated below:

4.1 UNPAID CONTRACTOR'S BILL - NU. 0.110 MILLION

The Gewog Administration, Shemjong had not settled contractor's payment amounting to Nu. 0.110 million. The amount payable to M/s Tsirang Construction pertained to the construction of permanent structures from Gewog office junction to Tashilingtoed farm road. The lapses had occurred due to fund deficit in SDP project. *(AIN: 16802; OB No.:4; Accountabilities: Direct: Top Nath Acharja, Gup, CID No. 11810002115; M/s Tsirang Construction, Tsirang, CDB No. 7520; Supervisory: Top Nath Acharja, Gup, CID No.11810002115)*

III. PATSHALING

The significant unresolved irregularities amounted to Nu. 0.830 million as summarized below:

Category Code	Category Description	Nu. in million
2	Embezzlement	0.830
	Total	0.830

2. EMBEZZLEMENT – NU. 0.830 MILLION

The cases with elements of embezzlement involving Nu. 0.830 million is as indicated below:

2.1. NON-ACCOUNTAL OF FUEL CONSUMPTION DETAILS - NU. 0.830 MILLION

The Gewog Administration, Patshaling had failed to record the fuel consumption details in log book and fuel book amounting to Nu. 0.830 million in the construction of 6 kms farm road from Beteni School to Tsakaling executed departmentally. The lapses is attributed to inadequate monitoring and supervision by the Gewog Administration and the DDO. *(AIN: 16805; OB No.: 2.2; Accountabilities: Direct: Pema Gyeltshen Sherpa, Tshogpa, CID No. 11802000056; Supervisory: Chabi Kumar Rai, Gup, CID No. 11802001003)*

IV. MENDRELGANG

The significant unresolved irregularities amounted to Nu. 0.481 million as summarized below:

Category Code	Category Description	Nu. in million
5	Shortfalls, lapses and deficiencies	0.481
	Total	0.481

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.481 MILLION

The case of shortfalls, lapses and deficiencies involving Nu. 0.481 million is as indicated below:

5.1 OUTSTANDING ADVANCE - NU. 0.481 MILLION

The Gewog Administration, Mendrelgang had outstanding PW advances of Nu. 0.481 million lying against M/s Rigdhen Construction as at 08 December 2019. The outstanding PW Advance pertained to mobilization and material secured advance towards the construction of kitchen cum store at Mendrelgang Lhakhang. *(AIN: 16792; OB No.:2; Accountabilities: Direct: Kencho Tshering, Engineer, EID No. 201001730; Supervisory: Yeshi, Gup, CID No. 11806001147)*

3.4.14 GEWOG UNDER THIMPHU DZONGKHAG

I. DAGALA

The significant unresolved irregularities amounted to Nu. 1.155 million as summarized below:

Category Code	Category Description	Nu. in million
5	Shortfalls, lapses and deficiencies	1.155
	Total	1.155

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 1.155 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 1.155 million is as indicated below:

5.1 OUTSTANDING ADVANCE - NU. 1.155 MILLION

The Gewog Administration, Dagala had not adjusted PW advances amounting to Nu. 1.155 million against various contractors by the end of FY 2018-19. The outstanding advance pertained to the FYs 2011-12 and 2012-13 indicating lack of timely follow-up action by the administration. (AIN: 16785; OB No.:1; Accountabilities: Direct: Gyem, Accountant, CID No. 10802002035; Dechen Wangmo, Accounts Assistant, EID No. 9709046; Supervisory Accountability: Gado, Gup, CID No. 11403000297)

3.4.15 GEWOG UNDER TRASHIGANG DZONGKHAG

I. PHONGMEY

The significant unresolved irregularities amounted to Nu. 3.630 million as summarised below:

Category Code	Category Description	Nu. in million
1	Fraud and Corruption	3.369
3	Mismanagement	0.261
	Total	3.630

1. FRAUD AND CORRUPTION - NU. 3.369 MILLION

The cases of elements of fraud and corruption involving Nu. 3.369 million are as indicated below:

1.1 MISAPPROPRIATION OF FUNDS – NU. 3.369 MILLION

The Accounts Assistant of the Gewog Administration, Phongmey had misappropriated funds as follows:

- a) A cheque of Nu. 0.096 million was issued to M/s Baijnath Gupta and Sons instead of M/s Muktsen Construction. The payment was made on account of procurement of HDPE pipes. The lapses had occurred due to lack of integrity on the part of dealing Accounts Assistant which was further exacerbated by an apparent lack of supervision and monitoring. (AIN: 16723; OB No.:1.2; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No. 200907160; Supervisory: Late Pelden Dorji, Gup, CID No. 11509000811; Kuenley Penjor, GAO, EID No. 200803059)
- b) The Accounts Assistant had misappropriated Nu. 0.033 million by making payment to an individual on account of silk kira bought for personal use. The amount was found deposited into the recipient's account vide cheque No. 685106 and 685107. (AIN: 16723; OB No.:2.1; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No. 200907160; Supervisory: Late Pelden Dorji, Gup, CID No. 11509000811; Kuenley Penjor, GAO, EID No. 200803059)
- c) The advance of Nu. 0.270 million received from the Dzongkhag Administration, Trashigang was embezzled by the Accounts Assistant. The Accounts Assistant admitted that the amount was used to adjust amount misappropriated from previous financial years. Advance was requested to meet the budget deficits in pay and allowances with an assurance to repay from subsequent release. (AIN: 16723; OB No.:2.2; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No. 200907160; Supervisory: Late Pelden Dorji, Gup, CID No. 11509000811; Kuenley Penjor, GAO, EID No. 200803059)

- d) The Gewog Administration, Phongmey had an unissued cheque No. 698178 as per the cheque book register maintained in PEMS. However, the same cheque was found presented to bank for encashment of Nu. 0.011 million by the Accounts Assistant. The withdrawal of amount could not be authenticated by supporting documents. *(AIN: 16723; OB No.:2.3; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No. 200907160; Supervisory: Late Pelden Dorji, Gup, CID No. 11509000811; Kuenley Penjor, GAO, EID No. 200803059)*
- e) The Accounts Assistant had misappropriated Nu. 0.260 million through cheque withdrawals without supporting documents. Accounts Assistant had prepared the cheques in her name and withdrawn in cash. Fictitious names were created in PEMS to hide her identity. *(AIN: 16723; OB No.:2.4; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No. 200907160; Supervisory: Late Pelden Dorji, Gup, CID No. 11509000811; Kuenley Penjor, GAO, EID No. 200803059)*
- f) The Accounts Assistant had misappropriated fund aggregating to Nu. 1.844 million by making bank withdrawals through her husband, Mr. Tshering Penjor. The Accounts Assistant had misused Nu. 0.465 million in 2018-2019, Nu.1.179 million in 2017-2018 and Nu. 0.200 million in 2016-2017. *(AIN: 16723; OB No.:2.5, 3.5, 4.2; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No. 200907160; Tshering Penjor, ES, EID No. 200807104; Supervisory: Late Pelden Dorji, Gup, CID No. 11509000811; Kuenley Penjor, GAO, EID No. 200803059)*
- g) The Gewog Administration, Phongmey had cancelled cheque No. 678796 as per the cheque book register. However, the same cheque was found presented to bank on 25 November 2017 for an encashment of Nu. 0.025 million. The amount was paid for the cost of window components supplied for Accounts Assistant's private house construction. *(AIN: 16723; OB No.:3.1; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No. 200907160; Supervisory: Late Pelden Dorji, Gup, CID No. 11509000811; Kuenley Penjor, GAO, EID No. 200803059)*
- h) A cheque amounting to Nu. 0.225 million was misused by the Accounts Assistant by way of making payments on account of procurement of hilux for her personal use. The payment was made through Gewog fund vide cheque No. 634418. The accountant had prepared two disbursement vouchers of Nu. 0.115 million and Nu.0.110 million using same cheque number. *(AIN: 16723; OB No.:3.2; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No. 200907160; Supervisory: Late Pelden Dorji, Gup, CID No. 11509000811; Kuenley Penjor, GAO, EID No. 200803059)*
- i) A payment of Nu. 0.288 million prepared in the name of Mrs. Samten Lhamo, Accounts Assistant was booked without supporting documents. The Accountant had misused the fund through cheque withdrawals of Nu. 0.250 million and Nu. 0.038 million. She had created fictitious names in vouchers in order to conceal her identity. *(AIN: 16723; OB No.:3.3; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No. 200907160; Supervisory: Late Pelden Dorji, Gup, CID No. 11509000811; Kuenley Penjor, GAO, EID No. 200803059)*
- j) The Accounts Assistant had misappropriated an amount of Nu. 0.300 million towards the cost of her private vehicle procured from Zimdra Automobiles. A cheque prepared in the

name of Mr. Tshering Penjor (Accounts Assistant's husband) was later endorsed to Zimdra Automobiles. The disbursement voucher was not prepared to authenticate the payment. (AIN: 16723; OB No.:3.4; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No.200907160; Kuenley Penjor, GAO, EID No: 200803059; Supervisory: Pelden Dorji, Gup, CID No.11509000811; Kuenley Penjor, GAO, EID No. 200803059)

- k) A cheque of Nu. 0.017 million was issued from Gewog LC account towards the defrayal of kira bought by the Accounts Assistant. The misappropriation pertained to financial year 2016-2017. (AIN: 16723; OB No.:4.1; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No.200907160; Supervisory: Pelden Dorji, Gup, CID No.11509000811; Kuenley Penjor, GAO, EID No. 200803059)

3. MISMANAGEMENT – NU. 0.261 MILLION

The cases of mismanagement involving Nu. 0.261 million is as indicated below:

3.1 PAYMENT WITHOUT SUPPORTING DOCUMENTS - NU. 0.261 MILLION

A sum of Nu. 0.261 million was withdrawn from bank through issue of cheques to late Phongmey Gup. The withdrawals were not substantiated by supporting documents. Since the Gup passed away before the completion of audit, the issue could not get clarified. (AIN: 16723; OB No.:1.3; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No. 200907160; Late Pelden Dorji, Gup, CID No. 11509000811; Supervisory: Late Pelden Dorji, Gup, CID No. 11509000811; Kuenley Penjor, GAO, EID No. 200803059)

II. SHONGPHU

The significant unresolved irregularities amounted to Nu. 2.364 million as summarised below:

Category Code	Category Description	Nu. in million
1	Fraud and Corruption	2.364
	Total	2.364

1. FRAUD AND CORRUPTION - NU. 2.364 MILLION

The cases with elements of fraud and corruption involving Nu. 2.364 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
1.1	Forgery of signature	
1.2	Misappropriation of funds	2.364
	Total	2.364

1.1 FORGERY OF SIGNATURE

- a) The Accounts Assistant of the Gewog Administration, Shongphu had forged Gup's signature in the handing taking note. The handing taking note was executed between the incoming and the outgoing Accounts Assistant. Mrs. Samten Lhamo, the outgoing Accounts Assistant did not inform the Gup regarding the handing taking note and forged his signature. Further, the supervising officers at the Dzongkhag and Gewog offices were unaware of such deceptive and fraudulent practices perpetrated by the outgoing Accounts Assistant. (AIN: 16722; OB

No.:1.2; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No. 200907160; Supervisory: Rinzin Dorji, Gup, CID No. 11513003337; Mani Lhamo, EID No. 20130802311)

- b) The Accounts Assistant had forged the signature of competent authority in the financial instrument. The forged signature of Gup and GAO were reported in nine cheques aggregating to Nu. 0.985 million. The Gup's signature were forged in three cheques amounting to Nu. 0.661 million and GAO's signature were forged in six cheques aggregating to Nu. 0.323 million. *(AIN: 16722; OB No.:1.3; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No.200907160; Supervisory: Rinzin Dorji, Gup, CID No. 11513003337; Sangay Wangchuk, GAO, EID No. 201105022)*

1.2 MISAPPROPRIATION OF FUNDS – NU. 2.364 MILLION

The Accounts Assistant of the Gewog Administration, Shongphu had misappropriated funds as follows:

- a) Nu. 0.037 million was misappropriated in meeting her private expenses. Cheque No. 684212 for an amount of Nu. 0.016 million was issued from Gewog LC account in favour of Phurpa Zangmo towards purchase of silk kira bought by the Accounts Assistant. Nu. 0.021 million was endorsed to Mr. Norbu Chogay vide cheque No. 684213 on account of materials supplied for her private house construction at Bikhar. *(AIN: 16722; OB No.:2.1; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No. 200907160; Supervisory: Rinzin Dorji, Gup, CID No. 11513003337; Sangay Wangchuk, GAO, EID No. 201105022)*
- b) The advance of Nu. 0.270 million received from the Dzongkhag Administration, Trashigang was embezzled by the Accounts Assistant. Advance was requested to meet the budget deficits in pay and allowances with an assurance to repay from subsequent release. Further, the amount was not recorded in the cashbook and fictitious voucher was prepared in lieu of the advance settlement. *(AIN: 16722; OB No.:2.2; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No. 200907160; Supervisory: Rinzin Dorji, Gup, CID No. 11513003337; Sangay Wangchuk, GAO, EID No. 201105022; Wangchuk Dorji, Sr. Dzongrab, EID No. 9308038)*
- c) A cancelled cheque No. 622616 and unissued cheque No. 636863 were found presented to bank for encashment amounting to Nu. 0.649 million by the Accounts Assistant. *(AIN: 16722; OB No.:2.3; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No. 200907160; Supervisory: Rinzin Dorji, Gup, CID No. 11513003337; Sangay Wangchuk, GAO, EID No. 201105022)*
- d) Nu. 0.495 million was misappropriated through making withdrawals using self-cheque without supporting documents. The Accounts Assistant had created fictitious names in PEMS to avoid reflecting her name in vouchers. *(AIN: 16722; OB No.:2.4; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No. 200907160; Supervisory: Rinzin Dorji, Gup, CID No.11513003337; Sangay Wangchuk, GAO, EID No. 201105022)*
- e) Nu. 0.283 million was misappropriated by the Accounts Assistant through withdrawal of fund vide cheque No. 696551 in the name of Mr. Tshering Penjor (Accounts Assistant's husband). *(AIN: 16722; OB No.:2.5; Accountabilities: Direct: Direct: Samten Lhamo, Accounts Assistant, EID No. 200907160; Tshering Penjor, ES, EID No. 200807104; Supervisory: Rinzin Dorji, Gup, CID No.11513003337; Sangay Wangchuk, GAO, EID No. 201105022)*

- f) The Accounts Assistant had misappropriated Nu. 0.074 million from non-revenue account. The withdrawal of retention money amounting to Nu. 0.061 million was misused by the Accounts Assistant. Further, the supporting documents for Nu. 0.013 million were not available. The payments of retention money were met from budgetary accounts. (AIN: 16722; OB No.:2.6; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No. 200907160; Supervisory: Rinzin Dorji, Gup, CID No.11513003337; Sangay Wangchuk, GAO, EID No. 201105022)
- g) The Accounts Assistant had embezzled Nu. 0.556 million by way of withdrawals using self-cheque. The Accountant had manipulated records and generated fictitious names in PEMS. The misappropriation pertained to FY 2016-2017. (AIN: 16722; OB No.:2.7; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No. 200907160; Supervisory: Rinzin Dorji, Gup, CID No. 11513003337; Sangay Wangchuk, GAO, EID No. 201105022)

III. RADHI

The significant unresolved irregularities amounted to Nu. 4.428 million as summarized below:

Category Code	Category Description	Nu. in million
1	Fraud and Corruption	4.428
	Total	4.428

1. FRAUD AND CORRUPTION - NU. 4.428 MILLION

The cases with elements of fraud and corruption involving Nu. 4.428 million are as indicated below:

1.1. MISAPPROPRIATION OF FUNDS – NU. 4.428 MILLION

The Accounts Assistant of the Gewog Administration, Radhi had misappropriated funds as follows:

- a) The advance of Nu. 0.250 million received from the Dzongkhag Administration, Trashigang was embezzled by the Accounts Assistant. Advance was requested to meet the budget deficits in pay and allowances with an assurance to repay from subsequent release. Further, the amount was not recorded in the cashbook and fabricated voucher was prepared in lieu of the advance settlement. (AIN: 16724; OB No.:2.1; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No. 200907160; Supervisory Accountability: Kulung, Gup, CID No.11510003192; Chhimi Dorji, GAO, EID No. 200803040; Wangchuk Dorji, Dzongrab, EID No. 9308038)
- b) The Accounts Assistant had misused government fund to the tune of Nu. 0.005 million by depositing the cheque to her sister Mrs. Dorji Wangmo's account. (AIN: 16724; OB No.:2.2; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No.200907160; Supervisory Accountability: Kulung, Gup, CID No. 11510003192; Chhimi Dorji, GAO, EID No. 200803040)
- c) The Gewog Administration, Radhi had unissued and cancelled cheque No. 697183 and 685015 respectively in PEMS. However, the same cheques were found presented to bank for encashment of Nu. 0.170 million by the Accounts Assistant. (AIN: 16724; OB No.:2.3; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No. 200907160; Supervisory Accountability: Kulung, Gup, CID No. 11510003192; Chhimi Dorji, GAO, EID No. 200803040)

- d) The Accounts Assistant had misappropriated Nu. 0.020 million by making a cheque payment to Mrs. Sangay Dema, proprietor of M/s Tshering Dema General Store. The Accounts Assistant owed the amount to Mrs. Sangay Dema and the amount was directly credited to her account. *(AIN: 16724; OB No.:2.4; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No. 200907160; Supervisory Accountability: Kulung, Gup, [CID No. 11510003192](#); Chhimi Dorji, GAO, EID No. 200803040)*
- e) Nu. 0.010 million was embezzled by the Accounts Assistant through BoB agent based at Rangjung. The Accountant deposited the amount into agents account and was withdrawn later. *(AIN: 16724; OB No.:2.5; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No. 200907160; Supervisory Accountability: Kulung, Gup, [CID No. 11510003192](#); Chhimi Dorji, GAO, EID No. 200803040)*
- f) A fund aggregating to Nu. 1.042 million was misappropriated through cheque withdrawals without supporting documents. Nu. 0.287 million was misappropriated in 2018-2019 and Nu. 0.755 million in 2016-2017. Accounts Assistant had prepared the cheques in her name and withdrawn in cash. The names of payee did not match with system voucher and the bank statement. *(AIN: 16724; OB No.:2.6, 4.1; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No. 200907160; Supervisory Accountability: Kulung, Gup, [CID No. 11510003192](#); Chhimi Dorji, GAO, EID No. 200803040)*
- g) The Accounts Assistant misappropriated fund aggregating to Nu. 1.334 million by making bank withdrawals through her husband, Mr. Tshering Penjor. Accountant had misused Nu. 0.124 million in 2018-2019, Nu. 1.100 million in 2017-2018 and Nu. 0.100 million in 2016-2017. *(AIN: 16724; OB No.:2.7, 3.3, 4.2; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No. 200907160; Tshering Penjor, ES, CID No. 11512002840; Supervisory Accountability: Kulung, Gup, [CID No. 11510003192](#); Chhimi Dorji, GAO, EID No. 200803040)*
- h) Nu. 0.100 million was embezzled by the Accounts Assistant through bank withdrawal in the name of other individuals. As per the disbursement voucher, a cheque No. 697152 was shown to have prepared in the name of Mr. Karma was found to have been withdrawn by Mr. Sonam Phuntsho, Bidung Gup. The amount withdrawn by the Gup was handed over to the Accounts Assistant on the same day. *(AIN: 16724; OB No.:2.8; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No. 200907160; Supervisory Accountability: Kulung, Gup, [CID No. 11510003192](#); Chhimi Dorji, GAO, EID No. 200803040)*
- i) The Accounts Assistant had misappropriated Nu. 0.165 million by making payment to Mr. Ugyen Wangchuk on account of supply of construction material for her private house construction. The name of the payee was misrepresented in disbursement voucher as Pema Wangchuk. *(AIN: 16724; OB No.:3.1; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No. 200907160; Supervisory Accountability: Kulung, Gup, [CID No. 11510003192](#); Chhimi Dorji, GAO, EID No. 200803040)*
- j) Nu. 1.222 million was misappropriated through bank withdrawals without supporting documents. Cheques prepared in different individuals' names was withdrawn by Mrs. Samten Lhamo, Accounts Assistant. The case of misappropriation pertained to FY 2017-2018. *(AIN: 16724; OB No.:3.2; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID*

No.200907160; Supervisory Accountability: Kulung, Gup, [CID No. 11510003192](#); Chhimi Dorji, GAO, EID No. 200803040)

- k) The Accounts Assistant had embezzled sum of Nu. 0.120 million recovered on account of 10% retention money for the renovation of Jongla Lhakhang. The contractor had paid the retention money in cash. However, the Accounts Assistant did not deposit the amount into refundable deposit account but subsequently embezzled the amount. This instance was reported during the FY 2017-2018. *(AIN: 16724; OB No.:5.1; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No. 200907160; Supervisory Accountability: Kulung, Gup, [CID No. 11510003192](#))*

IV. BIDUNG

The significant unresolved irregularities amounted to Nu. 0.717 million as summarized below:

Category Code	Category Description	Nu. in million
1	Fraud and Corruption	0.717
	Total	0.717

1. FRAUD AND CORRUPTION - NU. 0.717 MILLION

The cases with elements of fraud and corruption involving Nu. 0.717 million are as indicated below:

1.1 MISAPPROPRIATION OF FUNDS – NU. 0.717 MILLION

The Accounts Assistant of the Gewog Administration, Bidung had misappropriated funds as follows:

- a) Fund aggregating to Nu. 0.096 million was misappropriated towards personal expenses. She had misused the fund for purchase of silk kira, tego and cosmetic items. Nu. 0.017 million was misused for cosmetic items and 0.079 million towards silk kira and tego. Payments were settled through issue of cheques from Gewog LC account. *(AIN: 16725; OB No.:2.1; Accountabilities: Direct: Samten Lhamo, Accounts Assistant EID No. 200907160; Supervisory Accountability: Sonam Phuntsho, Gup, CID No.11502002312; Puspa Nirola, Gewog Administrative Officer, EID No. 20180712026)*
- b) The advance of Nu. 0.250 million received from the Dzongkhag Administration, Trashigang was embezzled by the Accounts Assistant. Advance was requested to meet the budget deficits in pay and allowances with an assurance to repay from subsequent release. Further, the amount was not recorded in the cashbook and fabricated voucher was prepared in lieu of the advance settlement. *(AIN: 16725; OB No.:2.2; Accountabilities: Direct: Samten Lhamo, Accounts Assistant EID No. 200907160; Supervisory Accountability: Sonam Phuntsho, Gup, CID No.11502002312; Puspa Nirola, Gewog Administrative Officer, EID No. 20180712026; Wangchuk Dorji, Dzongrab, EID No. 9308038)*
- c) The Accounts Assistant had misappropriated Nu. 0.020 million in clearing her personal liabilities. The Accounts Assistant owed Nu. 0.010 million each to Sangay Dema and Leki Wangmo. She misappropriated Gewog fund and cleared her debts through cheque payments. *(AIN: 16725; OB No.:2.3; Accountabilities: Direct: Samten Lhamo, Accounts Assistant EID No.*

200907160; Supervisory Accountability: Sonam Phuntsho, Gup, CID No. 11502002312; Puspa Nirola, Gewog Administrative Officer, EID No. 20180712026)

- d) A cheque of Nu. 0.033 million was issued in favour of Sangay Dema towards purchase of personal gadget by the Accounts Assistant. (AIN: 16725; OB No.:2.4; Accountabilities: Direct: Samten Lhamo, Accounts Assistant, EID No. 200907160; Supervisory Accountability: Sonam Phuntsho, Gup, CID No. 11502002312; Puspa Nirola, Gewog Administrative Officer, EID No. 20180712026)
- e) The Accounts Assistant had embezzled Nu. 0.118 million through withdrawals of self-cheque. The Accounts Assistant had manipulated records and generated fictitious names in accounting vouchers to make it appear real. (AIN: 16725; OB No.:2.5; Accountabilities: Direct: Samten Lhamo, Accounts Assistant EID No. 200907160; Supervisory Accountability: Sonam Phuntsho, Gup, CID No. 1150200231s; Puspa Nirola, Gewog Administrative Officer, EID No. 20180712026)
- f) The Accounts Assistant misappropriated fund aggregating to Nu. 0.200 million by making bank withdrawals through her husband, Mr. Tshering Penjor. (AIN: 16725; OB No.:2.6; Accountabilities: Direct: Samten Lhamo, Accounts Assistant EID No. 200907160; Tshering Penjor, ES, EID No. 200907160; Supervisory Accountability: Sonam Phuntsho, Gup, CID No. 11502002312; Puspa Nirola, Gewog Administrative Officer, EID No. 20180712026)

V. LUMANG

The significant unresolved irregularities amounted to Nu. 0.900 million as summarized below:

Category Code	Category Description	Nu. in million
3	Mismanagement	
5	Shortfalls, lapses and deficiencies	0.900
	Total	0.900

3. MISMANAGEMENT

The case of mismanagement is as indicated below:

3.1 UNAUTHORIZED AGREEMENT IN PRIVATE LAND LEASING

The Gewog Administration, Lumang had rented a private land on lease for the construction of government infrastructure with an understanding to transfer the ownership of building to the land owner on expiry of the lease agreement after 25 years in lieu of annual lease payment. The Gewog Administration does not have the authority to enter into such arrangement. (AIN: 16729; OB No.:2.1; Accountabilities: Direct: Wangdi, Gup, CID No. 11506000678; Tashi Dorji, Tshogpa, CID No.11506003286; Cheki Dorji, Tshogpa, CID No. 11506001026; Supervisory: Wangdi, Gup, CID No. 11506000678)

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.900 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.900 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
5.1	Outstanding advance	0.100

5.2	Unauthorized Agreement in Private Land Leasing	0.800
	Total	0.900

5.1 OUTSTANDING ADVANCE - NU. 0.100 MILLION

The Gewog Administration, Lumang had not adjusted PW advances amounting to Nu. 0.100 million against the Gup sanctioned towards minor maintenance of a farm road. The PW advance pertained to FY 2018-19. (AIN: 16729; OB No.:1; Accountabilities: Direct: Wangdi, Gup, CID No. 11506000678; Supervisory: Wangdi, Gup, CID No. 11506000678)

5.2 UNAUTHORIZED AGREEMENT IN PRIVATE LAND LEASING - NU. 0.800 MILLION

The Gewog Administration, Lumang had constructed Chiwog meeting halls on a private land at a cost of Nu. 0.800 million. The Gewog Administration had agreed to transfer the ownership of two Chiwog meeting halls to the land owner on the expiry of lease term after 25 years in lieu of annual lease payment. The Gewog Administration does not have the authority to enter into such arrangement. (AIN: 16729; OB No.:2.2; Accountabilities: Direct: Wangdi, Gup, CID No. 11506000678; Tashi Dorji, Tshogpa, CID No.11506003286; Cheki Dorji, Tshogpa, CID No.11506001026; Supervisory: Wangdi, Gup, CID No. 11506000678)

3.4.16 GEWOG UNDER WANGDUEPHODRANG DZONGKHAG

I. GASE TSHOGONGM

The significant unresolved irregularities amounting to Nu. 0.145 million is as summarized below:

Category Code	Category Description	Nu. in million
5	Shortfalls, lapses and deficiencies	0.145
	Total	0.145

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.145 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.145 million is as indicated below:

5.1 WORKS NOT EXECUTED AS PER SPECIFICATIONS – NU. 0.145 MILLION

The Gewog Administration, Gase Tshogongm had accepted works valuing Nu. 0.054 million in the extension of market shed at Pangtsho. As against the requirement of 0.63mm thick CGI sheet, the contractor had provided 0.50mm. The work was executed by community contractor.

Further, the Gewog Administration had also made excess payment of Nu. 0.091 million due to wrong quantification of RRM works in superstructure. (AIN: 16705; OB No.:1; Accountabilities: Direct: Chimi Wangmo, AE, EID No.20180111319; Pema Wangchuk, Community Contractor, CID No.11906001193; Supervisory: Kinley Gyeltshen, Gup, CID No. 11906000769)

II. SAEPHU

The significant unresolved irregularities amounted to Nu. 1.445 million as summarized below:

Category Code	Category Description	Nu. in million
4	Non-compliance to laws and rules	0.776

5	Shortfalls, lapses and deficiencies	0.669
	Total	1.445

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 0.776 MILLION

The cases of non-compliance to laws and rules involving Nu. 0.776 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
4.1	Short recovery of liquidated damages	0.223
4.2	Non-recovery of 20% penalty for incomplete works	0.553
	Total	0.776

4.1 SHORT RECOVERY OF LIQUIDATED DAMAGES – NU. 0.223 MILLION

The Gewog Administration, Saephu had short-recovered liquidated damages of Nu. 0.223 million from M/s AP Sha Construction in Blacktopping of farm road from Chazam to Lubzor. The construction was supposed to be completed by 21 April 2018, but was completed only on 5 November 2018 after a substantial delay of 180 days. The applicable liquidated damages for the delays amounted to Nu. 2.386 million, but only Nu. 2.163 million was recovered leaving a balance of Nu. 0.223 million. (AIN: 16764; OB No.:1(b); Accountabilities: Direct: Lobzang Tshering, AE, EID No. 200207096; M/s AP Sha construction, CDB 4153; Supervisory: Rinchen Penjor, Gup, CID No. 11914000908)

4.2 NON-RECOVERY OF 20% PENALTY FOR INCOMPLETE WORKS – NU. 0.553 MILLION

The Gewog Administration, Saephu had not realized 20% penalty on the value of incomplete works amounting to Nu. 0.553 million from M/s AP Sha Construction upon termination of contract in Blacktopping of farm road from Chazam to Lubzor. The Gewog Administration had terminated the contract on the grounds of fundamental breach of contract by the contractor. (AIN: 16764; OB No.:1(d); Accountabilities: Direct: Lobzang Tshering, AE, EID No. 200207096; M/s AP Sha construction, CDB No. 4153; Supervisory: Rinchen Penjor, Gup, CID No. 11914000908)

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.669 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.669 million are as indicated below:

5.1 OVER PAYMENTS - NU. 0.669 MILLION

- a) The Gewog Administration, Saephu had made over payment of Nu. 0.535 million to M/s AP Sha Construction in Blacktopping of farm road from Chazam to Lubzor. The overpayment had occurred due to release of excess amounts in RA Bills as against actual quantities of work executed at site. The lapse was attributed by inadequate supervision and improper verification of contractor's claim by the site engineer. (AIN: 16764; OB No.:1(a); Accountabilities: Direct: Lobzang Tshering, AE, EID No. 200207096; M/s AP Sha construction, CDB No. 4153; Supervisory: Rinchen Penjor, Gup, CID No. 11914000908)
- b) The Gewog Administration, Saephu had made over payment of Nu. 0.134 million to M/s Empire Construction in Blacktopping of farm road from Chazam to Lubzor. The over payment had occurred due to difference in quantities of works executed at site and quantities paid for. (AIN: 16764; OB No.:2(a); Accountabilities: Direct: Lobzang Tshering, AE,

EID No. 200207096; M/s Empire Construction, CDB No. 1011083; Supervisory: Rinchen Penjor, Gup, CID No. 11914000908)

III. THEDTSHO

The significant unresolved irregularity amounted to Nu. 2.567 million as summarised below:

Category Code	Category Description	Nu. in million
5	Shortfalls, lapses and deficiencies	2.567
	Total	2.567

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 2.567 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 2.567 million is as indicated below:

5.1 NON-COMPLIANCE TO PROVISION OF CLOSED WORKS ACCOUNT – NU. 2.567 MILLION

The Gewog Administration, Thedtsho had booked sum of Nu. 2.567 million under closed works account during the FY 2018-19 for incomplete works. The Gewog Administration had not settled the closed work account even after lapse of more than six months. The lapses had occurred due to non-adherence to the provisions of the close works account in the FRR 2016. *(AIN: 16766; OB No.:1; Accountabilities: Direct: Sangay Lhamo, AE, Municipal, EID No. 9907127; Supervisory: Namgyel Wangchuk, Gup, CID No. 11915001339)*

IV. DARKAR

The significant unresolved irregularities amounted to Nu. 0.976 million as summarized below:

Category Code	Category Description	Nu. in million
5	Shortfalls, lapses and deficiencies	0.976
	Total	0.976

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.976 MILLION

The case of shortfalls, lapses and deficiencies involving Nu. 0.976 million is as indicated below:

5.1 NON-COMPLIANCE TO PROVISION OF CLOSED WORKS ACCOUNT – NU. 0.976 MILLION

The Gewog Administration, Darkar had booked sum of Nu. 0.976 million under closed work account during the FY 2018-19 for incomplete works. The Gewog Administration had not settled the closed work account even after a lapse of more than six months. The lapses had occurred due to non-adherence to the provisions of the close works account in the FRR 2016. *(AIN: 16706; OB No.:1; Accountabilities: Direct: Nado, Gup, CID No. 11903000691; Supervisory: Nado, Gup, CID No. 11903000691)*

3.5. AUTONOMOUS AGENCIES

During the year, 12 Autonomous Agencies had unresolved irregularities as follows:

3.5.1. ANTI CORRUPTION COMMISSION

During the year, the RAA had issued one audit report of Anti-Corruption Commission (ACC). There was one observations amounting to Nu. 4.335 million of which no observations were resolved as of 31 January 2021 and no observations were disqualified for inclusion in the AAR 2020.

The significant unresolved irregularities amounting to Nu. 4.335 million is as summarised below:

Category Code	Category Description	Nu. in million
4	Non-Compliance to Laws and rules	4.335
	Total	4.335

4. NON-COMPLIANCE TO LAWS AND RULES – NU.4.335 MILLION

The case with element of non-compliance to laws and rules involving Nu. 4.335 million is as indicated below:

4.1. NON-LEVY OF LIQUIDATED DAMAGES – NU.4.335 MILLION

The Anti-Corruption Commission (ACC) had not levied liquidated damages amounting to Nu. 4.335 million against M/s Gyeldron Venture Builders, Phuntsholing for delay in the construction of Office building at Phuntsholing. The construction work was delayed by 240days and was still under progress as of 28 February 2020. The contractor is liable for maximum Liquidated Damages of 10% as per contract agreement. *(AIN: 16685; OB No.: 1.1; Accountabilities: Direct: Ugyen Dorji, Project Engineer, EID No.: 2014010329; Supervisory: Kencho Namgay, Head of Secretariat, EID No.: 200701126)*

3.5.2. BHUTAN INFO-COMM AND MEDIA AUTHORITY

During the year, the RAA had issued one audit report of Bhutan InfoComm and Media Authority (BICMA). There were three observations amounting to Nu. 0.503 million of which no observations were resolved as of 31 January 2021 and no observations were disqualified for inclusion in the AAR 2020.

The significant unresolved irregularities amounting to Nu. 0.503 million are as summarised below:

Category Code	Category Description	Nu. in million
1	Fraud and corruption	0.503
	Total	0.503

1. FRAUD AND CORRUPTION – NU.0.503 MILLION

The cases with element of fraud and corruption involving Nu0.503 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
1.1	Non-deposit of Revenue collected	0.453
1.2	Excess withdrawal of fund	0.050
	Total	0.503

1.1. NON-DEPOSIT OF REVENUE COLLECTED – NU. 0.453 MILLION

- a) The penalty of Nu. 0.320 million for late deposit of revenues collected had not been deposited into Audit Recoveries Account yet by the former accountant of BICMA. The revenue amount of Nu. 0.801 million collected on account of filming permit fees was deposited only after the instance of audit. The case has been forwarded to ACC. (AIN: 17002; OB No:1; Accountabilities: Direct: Namgyel Phuntsho, Former Accountant, EID No. 20090187, CID No.: 10715001409; Supervisory: Jigme Wangdi, Director, EID No. 2101068, CID No.: 10102002928; Gyem Lham, AAO, EID No.: 20180111417, CID No.: 11914001175)
- b) The penalty of Nu. 0.133 million for late deposit of revenues collected had not been deposited into Audit Recoveries Account yet by the former accountant of BICMA. The revenue amount of Nu. 0.242 million collected on account of filming permit fees was deposited only after the instance of audit. The case has been forwarded to ACC. (AIN: 17002; OB No:2; Accountabilities: Direct: Namgyel Phuntsho, Former Accountant, EID No. 20090187, CID No.: 10715001409; Supervisory: Jigme Wangdi, Director, EID No. 2101068, CID No.: 10102002928; Gyem Lham, AAO, EID No.: 20180111417, CID No.: 11914001175)

1.2. EXCESS WITHDRAWAL OF FUND – NU. 0.050 MILLION

The former accountant of BICMA had withdrawn Nu.0.150 million from the Universal Service Fund instead of Nu.0.015 million and embezzled Nu.0.135 million. The liable penalty amounts to Nu.0.050 million. This lapse was occurred as a result of the signed blank cheque given to the former accountant. The case has been forwarded to ACC. (AIN: 17002; OB No.: 3; Accountabilities: Direct: Namgyel Phuntsho, Former Accountant, EID No. 20090187, CID No.: 10715001409; Supervisory: Jigme Wangdi, Director, EID No. 2101068, CID No.: 10102002928; Gyem Lham, AAO, EID No.: 20180111417, CID No.: 11914001175; Wangay Dorji, EID No.: 2101068, CID No.: 11410006078)

3.5.3. DRATSHANG LHENTSHOG

During the year, the RAA had issued two audit reports of Dratshang Lhentshog. There were four observations amounting to Nu. 1.316 million of which Nu. 0.376 million were either resolved as of 31 January 2021 or did not qualify for inclusion in the AAR 2020.

The significant unresolved irregularities amounting to Nu. 0.940 million are as summarised below:

Category Code	Category Description	Nu. in million
3	Mismanagement	0.077
5	Shortfalls, Lapses and Deficiencies	0.863
Total		0.940

3. MISMANAGEMENT – NU.0.077 MILLION

The cases of mismanagement involving Nu. 0.077 million is as indicated below:

3.1. NON-DEDUCTION OF HEALTH CONTRIBUTION – NU. 0.077 MILLION

The Dagana Rabdey, Pungthim Dratshang had not deducted the health contribution amounting to Nu. 0.077 million. The Rabdey had not deducted the Health Contribution since 2016. (AIN:

16506; OB No.:1; Accountabilities: Direct: Daw Wangdi, Rabdey Secretary, CID No.: 10306000794; Supervisory: Jampel, Dagana Rabdey Lam, CID No.: 11512003529)

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.863 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.863 million is as indicated below:

5.1. IRREGULAR ADJUSTMENT OF OUTSTANDING ADVANCES – NU. 0.863 MILLION

The Dratshang Lhentshog Secretariat had made irregular adjustment of outstanding advance of Nu. 0.863 million against M/s Druk Zhenphen Engineering, Thimphu for the construction of 76 bedded hostel at Tango Thorim Shedra at Dodena. Although the contract was terminated, the adjustment had been made through the mobilization and performance security deposit with assurance to complete the remaining works. However, the secretariat had used the project fund balance instead of the forfeited amount to complete the remaining works. (AIN: 16492; OB No.:1; Accountabilities: Direct: Tashi Gyeltshen, Principal Engineer, EID No.: 9009028; Dopphu, Accounts Officer, EID No.: 200607056; Rinzin Wangmo, Chief Accounts Officer, EID No.: 2101045; Supervisory: Karma Tshering Namgyal, Secretary, EID No. 8302025)

3.5.4. GROSS NATIONAL HAPPINESS COMMISSION

During the year, the RAA had issued three audit reports of the Gross National Happiness Commission. There were 12 observations amounting to Nu. 10.900 million of which Nu. 1.581 million were either resolved as of 31 January 2021 or did not qualify for inclusion in the AAR 2020.

The significant unresolved irregularities amounted to Nu. 9.319 million as summarised below:

Category Code	Category Description	Nu. in million
5	Shortfalls, lapses and deficiencies	9.319
	Total	9.319

5. SHORTFALLS, LAPSES AND DEFICIENCIES - NU.9.319 MILLION

The cases of shortfalls, lapses & deficiencies involving Nu. 9.319 million are as follows:

Sl. No.	Observation in Brief	Nu. in million
5.1	Payment of 10% Material Advance	4.794
5.2	Payment for Unexecuted Work	4.525
	Total	9.319

5.1. PAYMENT OF 10% MATERIAL ADVANCE - NU. 4.794 MILLION

The GNHC had paid Nu. 4.794 million to M/s Kuenga Construction Pvt. Ltd. as advance for the procurement of the materials for the construction of Paro Dzongkhag Court on 18 May 2020. However, materials were not mobilized even after the lapse of 2 months. (AIN: 16960; OB No.: 1.2; Accountabilities: Direct: Sonam Tobgay, Executive Engineer, EID No.: 200901205; M/s Kuenga Construction Pvt. Ltd., CDB No.: 1380; Supervisory: Tshering Dorji, Registrar General, EID No.: 9511031)

5.2. PAYMENT FOR UNEXECUTED WORKS - NU. 4.525 MILLION

The GNHC had paid Nu. 4.525 million to M/s Pelden Lhendup Construction Pvt. Ltd. for the construction of Green House for National Sub-Seed Centre, Tashi Yangtse under GEF-LDCF funded project 'Enhanceing Sustainability and Climate Resilience of Forest and Agriculture Landscape and Community Livelihood in Bhutan'. The payment made were for some BoQ items which were not executed. The lapses had occurred due to not having proper checks, controls and monitoring in verifying the admissibility of the contractor's claims. *(AIN: 16610; OB No: 1.1; Accountabilities: Direct: Tashi Wangdi, Engineer, EID No.: 20170108109; M/s Pelden Lhendup Constructio Private Limited, CDB No.: 6712; Supervisory: Nedup Tshewang, Deputy Executive Engineer, EID No.: 2007107)*

3.5.5. JUDICIARY

During the year, the RAA had issued three audit reports of the Judiciary. There were 11 observations amounting to Nu. 4.266 million of which Nu. 4.177 million were either resolved as of 31 January 2021 or did not qualify for inclusion in the AAR 2020.

The significant unresolved irregularities amounted to Nu.0.089 million as summarised below:

Category Code	Category Description	Nu. in million
4	Non-compliance to Laws & Rules	0.089
	Total	0.089

4. NON-COMPLIANCE TO LAWS & RULES – NU.0.089 MILLION

The cases of Non-compliance to laws and rules involving Nu. 0.089 million is as follows:

4.1. UNDERSTATEMENT OF EXPENDITURE - NU. 0.089 MILLION

The Drungkhag Court, Dorokha had understated expenditure of Nu.0.089 million in the Expenditure Statement. The expenditure pertains to Pay and Allowance, Other Personnel Emoluments and Contributions-Provident Fund. The lapses had occurred due to systmetic error of PEMS. *(AIN: 16484; OB No: 1; Accountabilities: Direct: Yam Kumar Subba, Accountant, EID No.: 9604092; Supervisory: P. S. Ghimeray, Drangpon, EID No.: 9709010)*

3.5.6. NATIONAL CENTRE FOR HYDROLOGY & METROLOGY

During the year, the RAA had issued one audit reports of the National Centre for Hydrology & Metrology. There were six observations amounting to Nu. 1.633 million of which Nu. 1.137 million were either resolved as of 31 January 2020 or did not qualify for inclusion in the AAR 2020.

The significant unresolved irregularities amounted to Nu.0.496 million as summarised below:

Category Code	Category Description	Nu. in million
4	Non-compliance to Laws & Rules	0.339
5	Shortfalls, lapses and deficiencies	0.157
	Total	0.496

4. NON-COMPLIANCE TO LAWS & RULES – NU.0.339 MILLION

The cases of non-compliance to laws and rules involving Nu. 0.339 million is as follows:

4.1. NON-TERMINATION OF THE CONTRACT – NU. 0.339 MILLION

The NCHM had not terminated the contract with M/s Sonam Yardhen Construction, Mongar for the construction of the Landing Pad at Thango, Lunana. The project duration was for 2 months however it was delayed by 9 months 12 days as of 13 October 2020 and liable for liquidated damages amounting to Nu. 0.339 million. The work was still ongoing even after the liquidated damages amount exceeded 2% of the contract amount. The lapses occurred due to failure to enforce the contract clause. (AIN: 17011; OB No: 1.1; Accountabilities: Direct: Ugyen Chimi, Junior Engineer, CID No.: 10901000415; M/s Sonam Yardhen Construction, CDB No.: 7943; Supervisory: Jamyang T Dorji, Executive Engineer, EID No.: 201101168)

5. SHORTFALLS, LAPSES AND DEFICIENCIES - NU. 0.157 MILLION

The cases of shortfalls, lapses & deficiencies involving Nu. 0.157 million are as follows:

5.1. OUTSTANDING ADVANCE - NU. 0.157 MILLION

The NCHM had outstanding advance amounting to Nu. 0.157 million against M/s Tshangla Construction, Gedu. The advance pertains to mobilization and material secured advance for the construction of the Landing Pad at Phobjikha. However the advance was not adjusted even after the completion of contract. The lapses occurred due to lack of proper check and tracking system of unadjusted advances against the contractors while settling the final claims. (AIN: 17011; OB No: 2.1; Accountabilities: Direct: Damber Prasad Dhakal, Junior Engineer, CID No.: 10211005128; M/s Tshangla Construction, CDB No.: 3855; Supervisory: Jamyang T Dorji, Executive Engineer, EID No.: 201101168)

3.5.7. ROYAL UNIVERSITY OF BHUTAN

During the year, the RAA had issued three audit reports of the Royal University of Bhutan (RUB). There were 14 observations amounting to Nu. 13.217 million of which Nu. 1.847 million were either resolved as of 31 January 2021 or did not qualify for inclusion in the AAR 2020.

The significant unresolved irregularities amounted to Nu. 11.370 million as summarised below:

Category Code	Category Description	Nu. in million
2	Embezzlement	0.323
5	Shortfalls, lapses and deficiencies	11.097
	Total	11.370

2. EMBEZZLEMENT – NU.0.323 MILLION

The cases with elements of embezzlement involving Nu. 0.323 million is as follows:

2.1. NON-ACCOUNTAL OF FEEDS AND IRREGULARITIES IN PROCUREMENT - NU. 0.323 MILLION

The College of Natural Resources (CNR), Lobesa had not accounted animal feeds valuing Nu. 0.323 million procured in FY 2018-19 in the stock ledger. Further, CNR had procured goods and services without inviting competitive bidding process, which is in contravention to the

provisions of RUBFM 2017. The lapses had occurred due to lack of proper monitoring and supervision in the store management and procurement process. (AIN: 16683; OB No: 4.1; Accountabilities: Direct: Sonam Choden, Administrative Officer, EID No.: RUB1708034 & Ugyen Tenzin, Store In-charge, EID No.: RUB1208041; Supervisory: Phub Dorji, President, EID No.: 9312018)

5. SHORTFALLS, LAPSES AND DEFICIENCIES - NU. 11.097 MILLION

The cases of shortfalls, lapses & deficiencies are as follows:

Sl. No.	Observation in Brief	Nu. in million
5.1	Payment of Salary and Allowance during LTT	0.725
5.2	Excessive Grant of Advance	10.372
	Total	11.097

5.1. PAYMENT OF SALARY AND ALLOWANCES DURING LTT - NU. 0.725 MILLION

The CNR, Lobesa had paid full salary and teaching allowance aggregating to Nu. 0.725 million to the employees who were on Long Term Training/Study leave. The lapses occurred due to consideration of mixed mode training under special arrangements as active service for full training period. (AIN: 16683; OB No: 1.1; Accountabilities: Direct: Bhakta Bdr. Shangshon, Asst. Professor, EID No.: 8905042; Nedup Dorji, Lecturer, EID No.: 200701086; Ugyen Thinley, Asst. Professor, EID No.: 9801067; Yeshey Khandu, Lecturer, EID No.: 9710036; Supervisory: Phub Dorji, President, EID No.: 9312018)

5.2. EXCESSIVE GRANT OF ADVANCE - NU. 10.372 MILLION

The CNR, Lobesa had paid additional advances aggregating to Nu. 10.372 million to M/s Raven Builders Pvt. Ltd on account of labour and material advance from the CD account of CNR in the FY 2018-19. However, the eligible advances were paid from the GOI funded Project account. The Project Management Committee granted the additional advances on the condition that the contractor obtain assurance letter from BoB and after signing legal agreement. The advances remained unadjusted for more than a year. (AIN: 16683; OB No: 2.1; Accountabilities: Direct: Yadav Dhungana, Site Supervising Engineer, EID No.: RUB1502002; Thinley Wangchuk, Chief Executive Officer; Karma Thinley, Project Site Engineer; M/s Raven Builders Pvt. Ltd., CDB No.: 2356; Supervisory: Phub Dorji, President, EID No.: 9312018)

3.5.8. GELEPHU THROMDE

During the year, the RAA had issued two audit reports of Gelephu Thromde. There were nine observations amounting to Nu. 1.363 million of which Nu. 0.140 million were either resolved as of 31 January 2021 or did not qualify for inclusion in the AAR 2020.

The significant unresolved irregularities amounted to Nu. 1.223 million as summarised below:

Category Code	Category Description	Nu. in million
3	Mismanagement	1.223
	Total	1.223

3. MISMANAGEMENT – NU. 1.223 MILLION

The cases of mismanagement involving Nu. 1.223 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
3.1	Retention of cash in Demand Draft form	0.880
3.2	Retention of cash balance	0.343
	Total	1.223

3.1. RETENTION OF CASH IN DEMAND DRAFT FORM - NU. 0.880 MILLION

The Thromde Administration, Gelephu had retained cash aggregating to Nu. 0.880 million in the form of Demand Drafts in the FY 2018-19 in contravention to the Financial Rules and Regulations. The Thromde Administration is yet to furnish the details of claims settled through these drafts to RAA. (AIN: 16746; OB No: 6; Accountabilities: Direct: Tshering Wangchuk, EID No.: 200207191; Supervisory: Paras Moktan, EID No.: 9411005)

3.2. RETENTION OF CASH BALANCE - NU. 0.343 MILLION

The Thromde Administration, Gelephu had retained cash aggregating to Nu. 0.343 million at the end of the FY 2018-19 in contravention to FRR 2016. The cash balance was carried forward to FY 2019-20 without surrendering to DPA. The issues of cash balance was still under reconciliation. (AIN: 16746; OB No: 7; Accountabilities: Direct: Jamyang Gyeltshen, EID No.: 201201151; Supervisory: Jamyang Gyeltshen, EID No.: 201201151)

3.5.9. PHUNTSHOLING THROMDE

During the year, the RAA had issued three audit reports of Phuntsholing Thromde. There were 18 observations amounting to Nu. 257.870 million of which Nu. 14.467 million were either resolved as of 31 January 2021 or did not qualify for inclusion in the AAR 2020.

The significant unresolved irregularities amounted to Nu. 243.403 million as summarised below:

Category Code	Category Description	Nu. in million
4	Non-compliance to Laws and Rules	242.520
5	Shortfalls, lapses and deficiencies	0.883
	Total	243.403

4. NON-COMPLIANCE TO LAWS & RULES – NU.242.520 MILLION

The cases of non-compliance to laws and rules involving Nu. 242.520 million are as indicated below:

4.1 NO MEASURES TAKEN FOR DAMAGED STRUCTURES – NU. 242.520 MILLION

- a) The SASEC Road Connectivity Project implemented by Thromde Administration, Phuntsholing and RO, DoR, Phuntsholing had awarded the contract of constructing Multi-Cellular Culvert, Gabion Wall and Check Dams at Pasakha Access Roads to M/s Bhutan Builders Private Limited at Nu. 109.162 million. Though, some of the structures were damaged and submerged under the debries due to incessant rains in June 2019, the management had not taken any measure to restore the structures. (AIN: 16437; OB No.: 1.1; Accountabilities: Direct: Tshewang, Project Manager, EID No.: 20150105062; Supervisory: Kinzang Wangchuk, Project Coordinator, EID No.: 9807035)

- b) The SASEC Road Connectivity Project implemented by Thromde Administration, Phuntsholing and RO, DoR, Phuntsholing had awarded the contract of constructing, Gabion Structures at Pasakha Access Roads to M/s Gyalcon Infrastructure Private Limited and M/s Druk Chapcha Construction Private Limited at Nu. 133.358 million. Though, the structures were damaged and submerged under the debries due to incessant rains in June 2019, the management had not taken any measure to restore the structures. (AIN: 16437; OB No.: 2; Accountabilities: Direct: Tshewang, Project Manager, EID No.: 20150105062; Supervisory: Kinzang Wangchuk, Project Coordinator, EID No.: 9807035)

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.883 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.883 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
5.1	Double Payment to Contractor	0.227
5.2	Excess Payment to Contractor	0.597
5.3	Payment without execution of work	0.059
	Total	0.883

5.1. DOUBLE PAYMENT TO CONTRACTOR - NU. 0.227 MILLION

The Thromde Administration, Phuntsholing had made double payments of Nu. 0.227 million to M/s Druk Tshenden Builders Pvt. Ltd, Tashiyangtse in the Construction of MPH, Blacktopping, compound lighting and Sewer Line connection to Sonamgang MSS. The double payment had occurred due to duplication in recording of measurement of the same item of work. (AIN: 16844; OB No: 6.2; Accountabilities: Direct: Simple Rai, Junior Engineer, EID No.:/CID No.: 20161211753/11303002426 & M/s Tshenden Builders Pvt. Ltd., CDB No.: 7905; Supervisory: Buddhiman Darjee, AE, EID No.:/CID No.: 200807191/11109002653)

5.2. EXCESS PAYMENT TO CONTRACTOR - NU. 0.597 MILLION

The Thromde Administration, Phuntsholing had made excess payments of Nu. 0.597 million to M/s Druk Tshenden Builders Pvt. Ltd, Tashiyangtse in the Construction of MPH, Blacktopping, compound lighting and Sewer Line connection to Sonamgang MSS. The excess payment had occurred due to erroneous computation of the quantity of works executed. (AIN: 16844; OB No: 6.3; Accountabilities: Direct: Simple Rai, Junior Engineer, EID No.:/CID No.: 20161211753/11303002426 & M/s Tshenden Builders Pvt. Ltd., CDB No.: 7905; Supervisory: Buddhiman Darjee, AE, EID No.:/CID No.: 200807191/11109002653)

5.3. PAYMENT WITHOUT EXECUTION OF WORK - NU.0.059 MILLION

The Thromde Administration, Phuntsholing had made payments amounting to Nu.0.059 million to M/s Druk Tshenden Builders Pvt. Ltd, Tashiyangtse in the Construction of MPH, Blacktopping, compound lighting and Sewer Line connection to Sonamgang MSS. The payment was made for the work items that were not executed on sites. (AIN: 16844; OB No: 6.4; Accountabilities: Direct: Simple Rai, Junior Engineer, EID No.:/CID No.: 20161211753/11303002426 & M/s Tshenden Builders Pvt. Ltd., CDB No.: 7905; Supervisory: Buddhiman Darjee, AE, EID No.:/CID No.: 200807191/11109002653)

3.5.10. THIMPHU THROMDE

During the year, the RAA had issued three audit reports of Thimphu Thromde. There were 68 observations amounting to Nu. 23.575 million of which Nu. 6.515 million were either resolved as of 31 January 2021 or did not qualify for inclusion in the AAR 2020.

The significant unresolved irregularities amounted to Nu. 17.060 million as summarised below:

Category Code	Category Description	Nu. in million
1	Fraud and Corruption	4.411
3	Mismanagement	2.335
4	Non-compliance to Laws and Rules	2.185
5	Shortfalls, lapses and deficiencies	8.129
Total		17.060

1. FRAUD AND CORRUPTION – NU. 4.411 MILLION

The cases with elements of fraud and corruption involving Nu. 4.411 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
1.1	Payment for unexecuted works	0.403
1.2	Excess payment due to inflated rate	4.008
Total		4.411

1.1. PAYMENT FOR UNEXECUTED WORK - NU. 0.403 MILLION

- a) The Thromde Administration, Thimphu had made payments of Nu. 0.284 million to M/s TY Tshogyel Construction in the construction of monk's resident cum kitchen-dinning block at Changangkha Lhakhang. The payment pertains to 250mm brick works which was not executed at site. The lapses occurred due to failure on the part of the site engineer to exercise due diligence while verifying the admissibility of the contractor's claims. *(AIN: 16656; OB No: 3.3; Accountabilities: Direct: Sonam Namgay, Dy. Executive Engineer, EID No.: 20140103287 & M/s TY Tshogyel Construction, CDB No.: 6239; Supervisory: Yeshe Wangdi, Chief Engineer, EID No.: 200207053)*
- b) The Thromde Administration, Thimphu had made payments of Nu. 0.119 million to M/s Gawainyima Construction in the development work of Olakha Workshop. The payment pertains to construction of wall beyond new road crossing which was not actually executed on site. The excess payment had occurred due to the failure of site engineer in exercising necessary checks on the admissibility and correctness in the amounts claimed by the contractor. *(AIN: 16656; OB No: 1.6; Accountabilities: Direct: Tshering Dorji, Assistant Engineer, EID No.: 200207050 & M/s Gawainyima Construction, CDB No.: 6312; Supervisory: Yeshe Wangdi, Chief Engineer, EID No.: 200207053)*

1.2. EXCESS PAYMENT DUE TO INFLATED RATE - NU. 4.008 MILLION

The Thromde Administration, Thimphu under the Bhutan Urban Development Project (BUDP-II) had made excess payment of Nu. 4.008 million to M/s Nima Construction on account of purchase of DI pipes and accessories for laying pipeline from Samtenling to three tanks at Motithang. The excess payment occurred due to acceptance of inflated rate analysis submitted by contractor and its subsequent approval without due diligence by the Thromde Administration.

As per the original invoice obtained from RRCO, Phuntsholing the actual rates of 200mm and 150mm DI pipes were Nu. 1,711.00 and Nu. 1,260.00 per meter respectively. However, the rate

analysis showed that the cost of 200mm and 150 mm DI pipes were Nu. 2,370.00 and Nu. 1,746.00 per meter respectively at Jaigaon. Further, 3% overhead charges and 2% TDS were also added in addition to the 10% contractor's profit on the analysed rates which were inadmissible for payments. (AIN: 17039; OB No: 1.4; Accountabilities: Direct: Penjor Dukpa, EE, EID No.: 2107163; Pekar Rabgay, Principal Engineer, EID No.: 9009029; Udes Chhetri, DCAO, EID No.: 9410058; Sonam Rinzin, Procurement Officer, EID No.: 200905014; Yeshe Wangdi, CE, EID No.: 200207053; Sonam Dorjee, CAO, EID No.: 9808205; Karma Namgay, ES, EID No.: 2101058; Kinley Dorji, Thrompon, CID No.: 1141000297 & M/s Nima Construction Company Pvt., CDB No.: 1590; Supervisory: Karma Namgay, ES, EID No.: 2101058 & Kinley Dorji, Thrompon, CID No.: 1141000297)

3. MISMANAGEMENT – NU. 2.335 MILLION

The cases of mismanagement involving Nu. 2.335 million is as indicated below:

3.1. WASTEFUL EXPENDITURE - NU. 2.335 MILLION

The Thromde Administration, Thimphu had made payments of Nu. 2.335 million to M/s Gawainyima Construction in the development work of Olakha Workshop. The payment pertains to construction of 451 meters footpaths along Olarongchu which is underutilized. The lapses occurred due to lack of proper need assessment before making such investment. (AIN: 16656; OB No: 2.1; Accountabilities: Direct: Tsherng Dorji, Assistant Engineer, EID No.: 200207050; Supervisory: Yeshe Wangdi, Chief Engineer, EID No.: 200207053)

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 2.185 MILLION

The cases of non-compliance to laws and rules involving Nu. 2.185 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
4.1	Damaged physical structures	0.433
4.2	Acceptance of poor quality work	0.474
4.3	Excess payment due to Incorrect rate analysis	1.278
	Total	2.185

4.1. DAMAGED PHYSICAL STRUCTURE - NU. 0.433 MILLION

The Thromde Administration, Thimphu had incurred Nu. 0.433 million for GSB works on existing roads and draianges works in the development of Olakha Workshop. However the GSB works were completely worn out and drainage were covered with waste and effluents from workshops. The lapses occurred due to not having proper guidelines for the ownership of the infrastructures created whereby the residents and thromde took no proprietary rights. (AIN: 16656; OB No: 2.2; Accountabilities: Direct: Tshering Dorji, Assistant Engineer, EID No.: 200207050; Supervisory: Yeshe Wangdi, Chief Engineer, EID No.: 200207053)

4.2. ACCEPTANCE OF POOR QUALITY WORK - NU. 0.474 MILLION

- a) The Thromde Education, Thimphu Thromde had awarded the construction of eight classrooms with administrative block at Jungshi Primary School to M/s Drukar Construction. The work valuing Nu. 0.237 million were accepted without verifying the quality of works. The works pertains to RCC plinth protection at the back which were completely worn out, improper placing of plain cement fiber board on MS angles and undulations in the concrete steps with 40mm thick marble chips on riser and tread. (AIN: 16709; OB No: 2.2;

Accountabilities: Direct: Tshering Dorji, Assistant Engineer, EID No.: 200207050 & M/s Drukar Construction, CDB No.: 1064; Supervisory: Yeshe Wangdi, Chief Engineer, EID No.: 200207053)

- b) The Thromde Education, Thimphu Thromde had awarded the construction of 12 classrooms block at Lungtenphu Primary School to M/s SKD Construction Pvt. Ltd. The work valuing Nu. 0.237 million were accepted without verifying the quality of works. The works pertain to undulations in the concrete steps with 40mm thick marble chips on riser and tread. *(AIN: 16709; OB No: 3.4; Accountabilities: Direct: Tshering Dorji, Assistant Engineer, EID No.: 20140103519 & M/s SKD Construction, CDB No.: 1832; Supervisory: Yeshe Wangdi, Chief Engineer, EID No.: 200207053)*

4.3. EXCESS PAYMENT DUE TO INCORRECT RATE ANALYSIS - NU. 1.278 MILLION

- a) The Thromde Administration, Thimphu had made excess payment of Nu. 1.125 million to M/s TUNDI & M/s Chimi RD (JV) Construction Pvt. Ltd. for the construction of Urban Infrastructure for Hejo-Samtenling Local Area Plan "Additional Financing BUDP-II". The excess payment occurred due to incorrect rate analysis of NP-4 Hume pipes for the additional works of providing and laying of different sized NP-4 Hume pipes and the rates for loading, unloading and machineries used were also not considered. *(AIN: 17039; OB No: 2.1; Accountabilities: Direct: Penjor Dukpa, EE, EID No.: 2107163 & M/s TUNDI & M/s Chimi RD (JV), CDB No.: 5455 & License No.: 1026944; Supervisory: Pekar Rabgay, Principal Engineer, EID No.: 9009029)*
- b) The Thromde Administration, Thimphu had made excess payment of Nu. 0.153 million to M/s TUNDI & M/s Chimi RD (JV) Construction Pvt. Ltd. for the construction of Urban Infrastructure for Jungshina-Pamtsho Local Area Plan "Additional Financing BUDP-II". The excess payment occurred due to incorrect rate analysis for NP-4 Hume pipes and payment of 10% overhead charges in addition to 10% contractor's profit. *(AIN: 17039; OB No: 3.1; Accountabilities: Direct: Penjor Dukpa, EE, EID No.: 2107163 & M/s TUNDI & M/s Chimi RD (JV), CDB No.: 5455 & License No.: 1026944; Supervisory: Pekar Rabgay, Principal Engineer, EID No.: 9009029)*

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 8.129 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 8.129 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
5.1	Excess Payment to Contractor	4.816
5.2	Inadmissible Payment	0.362
5.3	Outstanding Advance	0.450
5.4	Non-utilization of advance for intended purpose	2.500
	Total	8.129

5.1. EXCESS PAYMENT TO CONTRACTOR - NU. 4.816 MILLION

- a) The Thromde Administration, Thimphu had made excess payments of Nu. 1.295 million to M/s Gawainyima Construction in the development work of Olakha Workshop. The excess payment had occurred due to overstatement of PCC pavement length and its thickness indicating failure on the part of site engineer in exercising necessary checks on the admissibility and correctness in the quantities and amounts claimed by the contractor. *(AIN: 16656; OB No: 1.2; Accountabilities: Direct: Tshering Dorji, Assistant Engineer, EID No.: 200207053)*

200207050 & M/s Gawainyima Construction, CDB No.: 6312; Supervisory: Yeshi Wangdi, Chief Engineer, EID No.: 200207053)

- b) The Thromde Administration, Thimphu had made excess payments of Nu. 1.441 million to M/s Gawainyima Construction in the development work of Olakha Workshop. The excess payment had occurred due to difference in quantities of GSB works executed at site and quantities paid for, indicating failure on the part of site engineer in exercising necessary checks on the admissibility of the contractor's claims. *(AIN: 16656; OB No: 1.1; Accountabilities: Direct: Tshering Dorji, Assistant Engineer, EID No.: 200207050 & M/s Gawainyima Construction, CDB No.: 6312; Supervisory: Yeshi Wangdi, Chief Engineer, EID No.: 200207053)*
- c) The Thromde Administration, Thimphu had made excess payments of Nu. 0.888 million to M/s Gawainyima Construction in the development work of Olakha Workshop. The excess payment had occurred due to payment for 319.20m³ against 73.26m³ of precast concrete edging provided at site. *(AIN: 16656; OB No: 1.3; Accountabilities: Direct: Tshering Dorji, Assistant Engineer, EID No.: 200207050 & M/s Gawainyima Construction, CDB No.: 6312; Supervisory: Yeshi Wangdi, Chief Engineer, EID No.: 200207053)*
- d) The Thromde Administration, Thimphu had made excess payments of Nu. 0.609 million to M/s Gawainyima Construction in the development work of Olakha Workshop. The excess payment had occurred due to difference in quantities executed at site and quantities paid for execution of new road, drainage and footpath works. *(AIN: 16656; OB No: 1.5; Accountabilities: Direct: Tshering Dorji, Assistant Engineer, EID No.: 200207050 & M/s Gawainyima Construction, CDB No.: 6312; Supervisory: Yeshi Wangdi, Chief Engineer, EID No.: 200207053)*
- e) The Thromde Administration, Thimphu had made excess payments of Nu. 0.257 million to M/s Gawainyima Construction in the development work of Olakha Workshop. The excess payment had occurred due to difference in the width of the road claimed for and actual width executed at site. *(AIN: 16656; OB No: 1.7; Accountabilities: Direct: Tshering Dorji, Assistant Engineer, EID No.: 200207050 & M/s Gawainyima Construction, CDB No.: 6312; Supervisory: Yeshi Wangdi, Chief Engineer, EID No.: 200207053)*
- f) The Thromde Administration, Thimphu had made excess payments of Nu. 0.205 million to M/s Sons Builder in the Construction of new road including side drains and retaining wall within Thimphu Thromde. The excess payment had occurred due to difference in the length of road claimed for and actual length of the road provided with GSB, WMM, Scarification, tack coat and AC works. *(AIN: 16656; OB No: 5.2; Accountabilities: Direct: Tashi Kencho, CID No.: 10810000603 & M/s Sons Builders, CDB No.: 7812; Supervisory: Kinley Namgay, ES, EID No.: 2101058 & Kinley Dorji, Thrompon, CID No.: 1141000297)*
- g) The Thromde Education, Thimphu had made excess payments of Nu. 0.121 million to M/s SKD Construction Pvt. Ltd. for the construction of 12 class room block at Lungtenphu Primary School. The excess payment had occurred due to difference in the quantities executed/provided at site and quantities claimed for joists, E-Ceiling and the tubular trusses. *(AIN: 16709; OB No: 3.1; Accountabilities: Direct: Tshering Dorji, Assistant Engineer, EID No.: 20140103519 & M/s SKD Construction, CDB No.: 1823; Supervisory: Yeshi Wangdi, Chief Engineer, EID No.: 200207053)*

5.3. INADMISSIBLE PAYMENT - NU. 0.362 MILLION

- a) The Thromde Administration, Thimphu had made inadmissible payments of Nu. 0.256 million to M/s Gawainyima Construction in the development work of Olakha Workshop. The inadmissible payment had occurred due to payment for 240mm thick GSB work without providing at site, indicating failure on the part of site engineer in exercising necessary checks on the admissibility and correctness of the contractor's claims. (AIN: 16656; OB No: 1.4; Accountabilities: Direct: Tshering Dorji, Assistant Engineer, EID No.: 200207050 & M/s Gawainyima Construction, CDB No.: 6312; Supervisory: Yeshi Wangdi, Chief Engineer, EID No.: 200207053)
- b) The Thromde Education, Thimphu Thromde had made inadmissible payments of Nu. 0.106 million to M/s SKD Construction Pvt. Ltd for the construction of 12 class room block at Lungtenphu Primary School. The inadmissible payment had occurred due to provision of one item of work (i.e. cement primer) as two separate items in BoQ and subsequent claims by the contractor. The payment pertains to providing and applying finishing coat -Acrylic washable distemper. (AIN: 16709; OB No: 3.2; Accountabilities: Direct: Tshering Dorji, Assistant Engineer, EID No.: 20140103519 & M/s SKD Construction, CDB No.: 1832; Supervisory: Yeshi Wangdi, Chief Engineer, EID No.: 200207053)

5.4. OUTSTANDING ADVANCES - NU. 0.450 MILLION

The Thromde Administration, Thimphu had outstanding advance of Nu. 0.450 million to M/s Gawainyima Construction in the development work of Olakha Workshop. The lapses was occurred due to suspension of works without adjusting the advance payments to the contractors. (AIN: 16656; OB No: 1.8; Accountabilities: Direct: Tshering Dorji, Assistant Engineer, EID No.: 200207050 & M/s Gawainyima Construction, CDB No.: 6312; Supervisory: Yeshi Wangdi, Chief Engineer, EID No.: 200207053)

5.5. NON-UTILIZATION OF ADVANCE FOR INTENDED PURPOSE - NU. 2.500 MILLION

The Thromde Administration, Thimphu had granted advance of Nu. 2.500 million to M/s Greener Way for the construction of semi-permanent building with the instruction of Gyalpoi Zimpon Office. However, the M/s Greener way had not constructed the semi-permanent building as intended. The lapses was occurred due to not having proper checks, controls and follow-up on the usage of the advance granted by the Thromde management. (AIN: 16656; OB No: 13; Accountabilities: Direct: Yeshi Wangdi, Chief Engineer, EID No.: 200207053 & M/s Greener Way, License No.: 1035610; Supervisory: Kinlay Dorji, Thrompon, CID No.: 11410000297)

3.6. CORPORATIONS

During the year, Corporations had unresolved irregularities as follows:

3.6.1. ARMY WELFARE PROJECT

During the year, the RAA had issued two audit reports of the Army Welfare Project (AWP). There were 47 observations amounting to Nu. 1.934 million which no observations amounting to Nu. 0.381 million was either resolved as of 31 January 2021 or did not qualify for inclusion in the AAR 2020.

The significant unresolved irregularities amounted to Nu. 1.553 million as summarised below:

Category Code	Category Description	Nu. in million
5	Shortfalls, lapses and deficiencies	1.553
	Total	1.553

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU.1.553 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 1.553 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
5.1	Unadjusted Insurance Premium Advance	0.125
5.2	Outstanding Advances to Creditors	0.680
5.3	Non follow-up of the debtors	0.317
5.4	Non-adjustment of CWIP	0.156
5.5	Non-maintenance of Deposit Records	0.120
5.6	Non-capitalization of Assets	0.154
	Total	1.553

5.1. UNADJUSTED INSURANCE PREMIUM ADVANCE - NU. 0.125 MILLION

The Army Welfare Project, Samtse Distillery had paid advance insurance premium amounting to Nu. 0.125 million to RICBL for the insurance of Cash-in-transit in 2018. However, neither the inception of policy took place nor was the advance insurance premium recovered. (AIN: 16856; OB No: 3.04; Accountabilities: Direct: Thinley Zangmo, Sr. Account Assistant, CID No.: 11510001238; Supervisory: Kencho Tenzin, Sr. General Manager, CID No.: 12005002296)

5.2. OUTSTANDING ADVANCE TO CREDITORS - NU. 0.680 MILLION

- a) The Army Welfare Project, Samtse Distillery had made advance payment amounting to Nu. 0.251 million to M/s Defrancesco for the purchase of spare parts of wine bottling machines in 2017. However, the advance is not adjusted even after the lapse of 2 years. (AIN: 16856; OB No: 3.09; Accountabilities: Direct: Thinley Zangmo, Sr. Account Assistant, CID No.: 11510001238; Supervisory: Kencho Tenzin, Sr. General Manager, CID No.: 12005002296)
- b) The Army Welfare Project, Card Board Box Unit, Samtse Distillery had made advance payment amounting to Nu. 0.429 million to various creditors for the purchase of spare parts and raw materials. However, the advances remained unadjusted for more than a year. (AIN: 16856; OB No: 4.02; Accountabilities: Direct: Tshering Wangchuk, Account Assistant -II, CID No.: 11410006789; Supervisory: Bhim Bdr Tamang, Sr. Manager, CID No.: 11802001760)

5.3. NON FOLLOW-UP OF THE DEBTORS - NU. 0.317 MILLION

The Army Welfare Project, Card Board Box Unit, Samtse Distillery had receivables amounting to Nu. 0.317 million from various debtors. However, the debtors account is outstanding for more than a year. The lapses were due to lack of efficient system of follow-up action of its debtors. (AIN: 16856; OB No: 4.01; Accountabilities: Direct: Tshering Wangchuk, Account Assistant -II, CID No.: 11410006789; Supervisory: Bhim Bdr Tamang, Sr. Manager, CID No.: 11802001760)

5.4. NON ADJUSTMENT OF CWIP - NU.0.156 MILLION

The Army Welfare Sawmill, Thimphu had unadjusted Capital Work in Progress (CWIP) amounting to Nu. 0.156 million on account of fencing works which could not be completed due to land boundary dispute. The CWIP has been carried forward since 2014. (AIN: 16856; OB No: 5.02; Accountabilities: Direct: Karma Tshewang, Adm. Officer, CID No.: 10905004091; Supervisory: Mithey Dukpa, Sr. Manager, CID No.: 1080201256)

5.5. NON MAINTENANCE OF DEPOSIT RECORDS - NU. 0.120 MILLION

The Army Welfare Project, Head Office, Phuntsholing had Security deposits of various parties amounting to Nu. 0.120 million recorded in its books of accounts. However, there were no records being maintained for the security deposits collected and remained unadjusted for long period. The lapses were due to lack of proper system of collecting and recording of the security deposits from the parties. (AIN: 16856; OB No: 10.03; Accountabilities: Direct: Sherab Tenzin, Sr. Accounts Assistant, CID No.: 11514003919; Supervisory: Tshering Penjor, Dy. General Manager (Finance), CID No.: 11512002770)

5.6. NON CAPITALIZATION OF EXPENSES - NU.0.154 MILLION

The Army Welfare Project, Samtse had procured furniture and fixtures worth Nu. 0.154 million. However, the expenses were booked under repair and maintenance of AWPL Guest House. The lapses was occurred due to not having proper financial guidelines of the organization. (AIN: 16571; OB No.: 1; Accountabilities: Direct: Thinley Zangmo, Sr. Accounts Assistant, CID No.: 11510001238; Supervisory: Tshering Choden, Sr. Manager, CID No.: 10808001706)

3.6.2. BHUTAN AGRO INDUSTRY LIMITED

During the year, the RAA had issued two audit reports of the Bhutan Agro Industry Limited (BAIL). There were four observations amounting to Nu. 0.618 million of which no observation was resolved as of 31 January 2021 no observation was disqualified for inclusion in the AAR 2020.

The significant unresolved irregularities amounted to Nu. 0.618 million as summarised below:

Category Code	Category Description	Nu. in million
3	Mismanagement	0.618
	Total	0.618

3. MISMANAGEMENT – NU.0.618 MILLION

The cases of mismanagement involving Nu. 0.618 million is as indicated below:

3.1. OUTSTANDING RECEIVABLES - NU. 0.618 MILLION

The Bhutan Agro Industry Limited (BAIL) had outstanding receivables of Nu. 0.618 million against the credit sales to retailers. The lapses was occurred due to lack of timely follow-up action for the collection of outstanding receivables. (AIN: 16590; OB No: 1; Accountabilities: Direct: Kinley Wangdi, Sr. Sales Assistant-I, CID No.: 11004000634; Supervisory: Tendi Zangpo, Assistant Manager (Marketing), CID No.: 10713000532)

3.6.3. BHUTAN DUTY FREE LIMITED

During the year, the RAA had issued one audit report of the Bhutan Duty Free Limited (BDFL). There were nine observations amounting to Nu. 9.693 million of which observations amounting to Nu. 6.887 million were either resolved as of 31 January 2021 or did not qualify for inclusion in the AAR 2020.

The significant unresolved irregularities amounted to Nu. 2.806 million as summarised below:

Category Code	Category Description	Nu. in million
5	Shortfalls, lapses and deficiencies	2.806
	Total	2.806

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 2.806 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu.2.806 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
5.2	Understatement of Purchase	0.317
5.3	Outstanding Advance to Suppliers	2.489
	Total	2.806

5.1. UNDERSTATEMENT OF PURCHASE - NU.0.317 MILLION

The Bhutan Duty Free Limited, Thimphu had understated the stock purchase by Nu. 0.317 million. The understatement pertains to writing-off of the missing and damaged stocks. The lapses occurred due to not having proper system of accounting the purchases and stocks written off. *(AIN: 16776; OB No: 4; Accountabilities: Direct: Sonam Yangtsho, Finance Manager, CID No.: 10904003708; Supervisory: Karma Loday, Chief Executive Officer, CID No.: 11411002623)*

5.2 OUTSTANDING ADVANCE TO SUPPLIERS - NU.,2.489 MILLION

The Bhutan Duty Free Limited, Thimphu had outstanding advance of Nu. 2.489 million against different suppliers. The outstanding advance pertains to credit purchase of stocks. The lapses occurred due to not having proper follow-up system and year end balance confirmation system from the suppliers. *(AIN: 16776; OB No: 5; Accountabilities: Direct: Sonam Yangtsho, Finance Manager, CID No.: 10904003708; Supervisory: Karma Loday, Chief Executive Officer, CID No.: 11411002623)*

3.6.4. BHUTAN POSTAL CORPORATION LIMITED

During the year, the RAA had issued one audit report of the Bhutan Postal Corporation Limited (Bhutan Post). There were nine observations amounting to Nu. 1.782 million of which no observations were resolved as of 31 January 2021 and no observation was disqualified for inclusion in the AAR 2020.

The significant unresolved irregularities amounted to Nu. 1.782 million as summarised below:

Category Code	Category Description	Nu. in million
5	Shortfalls, lapses and deficiencies	1.782
	Total	1.782

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 1.782 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 1.782 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
5.1	Differences in the value of artifacts	0.138
5.2	Outstanding Trade & other receivables	1.644
	Total	1.782

5.1. DIFFERENCES IN THE VALUE OF ARTIFACTS - NU. 0.138 MILLION

The Bhutan Post, Thimphu had difference of Nu. 0.138 million in the value of artifacts. Against Nu. 0.910 million recorded in its book of accounts, the list maintained by Postal Museum shows records of Nu. 0.772 million only. (AIN: 16833; OB No: 2; Accountabilities: Direct: Tshering Choki, Head, Corporate; CID No.: 11410003735; Supervisory: Jigme Tenzin, Offtg. CEO, CID No: 10712002191)

5.2. OUTSTANDING TRADE & OTHER RECEIVABLES - NU. 1.644 MILLION

- a) The Bhutan Post, Thimphu had outstanding International mail revenue receivables amounting to Nu. 0.616 million. Some of the receivables were outstanding since 2013. The lapses occurred due to lack of effective follow-up system on the receivables and its debtors. (AIN: 16833; OB No: 3.1; Accountabilities: Direct: Chandra Maya Chettri, Postal Assistant, POD; CID No.: 10205000510; Supervisory: Jigme Tenzin, Offtg. CEO (Head, POD), CID No: 10712002191)
- b) The Bhutan Post, Thimphu, Philately Division had outstanding revenue receivables amounting to Nu. 0.227 million. Some of the receivables were outstanding since 2015. The lapses occurred due to lack of effective follow-up system on the receivables and its debtors. (AIN: 16833; OB No: 3.2; Accountabilities: Direct: Reeta Gurung, Accountant, Philately Division; CID No.: 11216004454; Supervisory: Norbu Zangmo Dorji, Head, Philately Division, CID No.: 11107000167)
- c) The Bhutan Post, Thimphu had outstanding rent receivables from the building located at Phuntsholing amounting to Nu. 0.409 million. The receivable on account of rents was for the year 2018. The lapses occurred due to lack of effective follow-up system on the receivables and its tenants. (AIN: 16833; OB No: 3.3; Accountabilities: Direct: Kinley Wangchuk, Accountant, Phuntsholing GPO; CID No.: 11105004651; Supervisory: Damcho Tshering, Regional Head, Phuntsholing, CID No: 11003000041)
- d) The Bhutan Post, Thimphu, Fedex Unit had outstanding revenue receivables amounting to Nu. 0.311 million. Some of the receivables were outstanding since 2016. The lapses occurred due to lack of effective follow-up system on the receivables and its debtors. (AIN: 16833; OB No: 3.4; Accountabilities: Direct: Kezang Choden, Accountant, POD; CID No.: 11508002470; Supervisory: Jigme Tenzin, Head, POD, CID No: 10712002191)
- e) The Bhutan Post, Thimphu, Western Region had outstanding revenue receivables amounting to Nu. 0.082 million. Some of the receivables were outstanding since 2016. The lapses occurred due to lack of effective follow-up system on the receivables and its debtors. (AIN: 16833; OB No: 3.5; Accountabilities: Direct: Phuntsho Wangdi, Accountant, Thimphu GPO; CID No.: 11508004574; Supervisory: Thinley Wangchuk, Regional Head, Thimphu, CID No: 11504002442)

3.6.5. BHUTAN POWER CORPORATION LIMITED

During the year, the RAA had issued four audit reports of the Bhutan Power Corporation Limited (BPCL). There were 21 observations amounting to Nu. 80.575 million of which Nu. 79.973 million were either resolved as of 31 January 2021 or did not qualify for inclusion in the AAR 2020.

The significant unresolved irregularities amounted to Nu. 0.602 million as summarised below:

Category Code	Category Description	Nu. in million
2	Embezzlement	0.602
	Total	0.602

2. EMBEZZLEMENT – NU.0.602 MILLION

The case of embezzlement involving Nu.0.602 million is as indicated below:

2.1. NON-RECOVERY OF MISAPPROPRIATED FUND - NU. 0.602 MILLION

The Accountant of Electricity Service Division (ESD), Paro, BPCL had misappropriated funds amounting to Nu. 0.602 million during the year 2015 and 2016. Despite the findings from internal auditor, the amount was not recovered from the accountant who is under suspension. The case was forwarded to ACC where it could not be investigate due to other ongoing investigations. (AIN: 16755; OB No: 2.1; Accountabilities: Direct: Jigme, Sr. Manager, CID No.: 10808002095; Supervisory: Jigme, Sr. Manager, CID No.: 10808002095)

3.6.6. CONSTRUCTION DEVELOPMENT CORPORATION LIMITED

During the year, the RAA had issued three audit reports of the Construction Development Corporation Limited (CDCL). There were 25 observations amounting to Nu. 0.816 million of which observations amounting to Nu. 0.152 million were either resolved as of 31 January 2021 or did not qualify for inclusion in the AAR 2020.

The significant unresolved irregularity amounted to Nu. 0.664 million is as summarised below:

Category Code	Category Description	Nu. in million
5	Shortfalls, Lapses & Deficiencies	0.664
	Total	0.664

5. SHORTFALLS, LAPSES & DEFICIENCIES - NU. 0.664 MILLION

The case of shortfalls, lapses & deficiencies involving Nu. 0.664 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
5.1	Excess payment	0.319
5.2	Payment of BST from loan	0.345
	Total	0.664

5.1. EXCESS PAYMENT - NU. 0.319 MILLION

The Construction Development Corporation Limited (CDCL) had made excess payment of Nu. 0.319 million to M/s AFCONS for the construction of River Training and Embankment Works for Phuntsholing Township Development Project (PTDP). The excess payment occurred due to

incorrect application of Current Cost Index for price adjustment. (AIN: 16674; OB No: 1; Accountabilities: Direct: Kamal Dhakal, Project Management, EID No.: CDCL1401003; Supervisory: Tshering Dupchu, Project Director, EID No.: CDCL1402001)

5.2. PAYMENT OF BST FROM LOAN - NU. 0.345 MILLION

The Construction Development Corporation Limited had paid Bhutan Sales Tax aggregating to Nu. 0.345 million from the ADB loan contravening to contractual agreement. The Bhutan Sales Tax pertains to purchase of two vehicles and two motor bikes. (AIN: 16674; OB No: 2; Accountabilities: Direct: Phurpa Dorji, Finance Manager, EID No.: CDCL1511020; Supervisory: Dechen Wangmo, General Manager, EID No.: CDCL1508002)

3.6.7. DRUK AIR CORPORATION LIMITED

During the year, the RAA had issued one audit report of the Druk Air Corporation Limited (DACL). There were 13 observations amounting to Nu. 6.113 million of which no observations were resolved as of 31 January 2021 and no observation was disqualified for inclusion in the AAR 2020.

The significant unresolved irregularities amounted to Nu. 6.113 million as summarised below:

Category Code	Category Description	Nu.in million
4	Non-compliance to Laws and Rules	0.377
5	Shortfalls, Lapses & Deficiencies	5.736
	Total	6.113

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 0.377 MILLION

The case of non-compliance to laws and rules involving Nu. 0.377 million are as indicated below:

4.1. NO YEAR-END BALANCE CONFIRMATION CERTIFICATE - NU. 0.377 MILLION

The Druk Air Corporation Limited, Kolkata Station had security deposit balance amounting to Nu. 0.377 million which are not yet refunded. There were no records detailing the amount of security deposits collected. The lapses were occurred due to not having proper recording system of the security deposits collected from different parties. (AIN: 16846; OB No: A.3; Accountabilities: Direct: Debasree Chowdhury, Accounts Officer, Kolkata Station, CID No.: M0219658; Supervisory: Phuntsho Tobgay, Station Manager, Kolkata Station, CID No.: 11312002657)

5. SHORTFALLS, LAPSES & DEFICIENCIES – NU. 5.736 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 5.736 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
5.1	No year-end balance confirmation certificate	2.063
5.2	Unadjusted Debtor Balances	3.603
5.3	Excess payment	0.070
	Total	5.736

5.1. NO YEAR-END BALANCE CONFIRMATION CERTIFICATE – NU. 2.063 MILLION

- a) The Druk Air Corporation Limited, Kolkata Station had unadjusted balance amounting to Nu. 1.474 million against IATA – Airports Authority of India under ‘Sundry Creditors for Expenses – Non-group Current’. However, there was no balance confirmation certificate obtained from the party at the end of the year. The lapses was occurred due to not having proper check, controls and monitoring over unadjusted balances against the parties. (AIN: 16846; OB No: A.1; Accountabilities: Direct: Debasree Chowdhury, Accounts Officer, Kolkata Station, CID No.: M0219658; Supervisory: Phuntsho Tobgay, Station Manager, Kolkata Station, CID No.: 11312002657)
- b) The Druk Air Corporation Limited, Kolkata Station had security deposit paid account balance amounting to Nu. 0.589 million various parties. However, there was no balance confirmation certificate obtained from the parties at the end of the year. The lapses was occurred due to not having proper check, controls and monitoring over security deposit balances against the parties. (AIN: 16846; OB No: A.2; Accountabilities: Direct: Debasree Chowdhury, Accounts Officer, Kolkata Station, CID No.: M0219658; Supervisory: Phuntsho Tobgay, Station Manager, Kolkata Station, CID No.: 11312002657)

5.2. UNADJUSTED DEBTOR BALANCES - NU. 3.603 MILLION

- a) The Druk Air Corporation Limited, Thimphu Sales Counter had receivables amounting to Nu. 1.601 million against various debtors. The receivables had remained unadjusted for more than three years. The lapses occurred due to not having proper checks, controls and follow-up system over receivables. (AIN: 16846; OB No: H.1; Accountabilities: Direct: Kuenzang Lhamo, Incharge, Thimphu Accounts Unit, CID No.: 1080600032; Supervisory: Dawa Namgyel, Manager, Revenue Section, Head Office, CID No.: 10501000651)
- b) The Druk Air Corporation Limited, Head Office had debtors balance amounting to Nu. 2.002 million against various debtors. The receivables had been remained unrealized as of 2019. The lapses occurred due to not having proper checks, controls and follow-up system for the receivables from its debtors. (AIN: 16846; OB No: J.1; Accountabilities: Direct: Dawa Namgyel, Manager, Revenue Section, CID No.: 10501000651; Supervisory: Dechen Peldon, Chief Finance Officer, CID No.: 11704000766)

5.3. EXCESS PAYMENT - NU. 0.070 MILLION

The Druk Air Corporation Limited, Head Office had made excess payment amounting to Nu. 0.070 million against fuel card. The lapses occurred due to improper system of making payments for fuel card. (AIN: 16846; OB No: J.2; Accountabilities: Direct: Tenzin Wangda, Sr. Accounts Assistant, CID No.: 10702001457; Supervisory: Chhimi Dorji, Manager Accounts Section, CID No.: 10810000743)

3.6.8. DRUK GREEN POWER CORPORATION

During the year, the RAA had issued three audit report of the Druk Green Power Corporation (DGPC). There were 19 observations amounting to Nu. 22.820 million of which observations amounting to Nu. 15.322 million were either resolved as of 31 January 2021 or did not qualify for inclusion in the AAR 2020.

The significant unresolved irregularity amounted to Nu. 7.498 million is as summarised below:

Category Code	Category Description	Nu. in million
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3	Mismanagement	4.135
5	Shortfalls, Lapses & Deficiencies	3.363
Total		7.498

3. MISMANAGEMENT – NU.4.135 MILLION

The cases of mismanagement involving Nu. 4.135 million is as indicated below:

3.1. UNADJUSTED TDS ADVANCE - NU. 4.135 MILLION

The Bhutan Hydropower Services Ltd, DGPC had unadjusted TDS advance aggregating to Nu. 4.135 million. The TDS advance pertains to the FY 2015-16. The case had been corresponded with the RRCO with all supporting document since 2018 yet it was not adjusted as at 31 December 2019. *(AIN: 16570; OB No: 4; Accountabilities: Direct: Kencho Tenzin, Accountant, CID No.: 11410006450; Supervisory: Tandin Wangmo, Head Finance, CID No.: 10904002258)*

5. SHORTFALLS, LAPSES & DEFICIENCIES - NU. 3.363 MILLION

The case of shortfalls, lapses & Deficiencies involving Nu. 3.363 million is as indicated below:

5.1. UNADJUSTED DEBTOR BALANCES - NU. 3.363 MILLION

- a) The Druk Green Power Corporation had receivables amounting to Nu. 0.980 million against SAP implementation - PHPA and Geological mapping fees - Tango monastery restoration. The receivables had been unadjusted since 2017. The lapses occurred due to not having proper checks, controls and follow-up system over receivables. *(AIN: 16821; OB No: 2; Accountabilities: Direct: Yeshey Wangchuk, Finance Officer, CID No.: 11205001809; Yeshi Jamtsho, Finance Officer, CID No.: 10205004398 & Dodo, Finance Officer, CID No.: 10502000891); Supervisory: Namgay Wangdi, Head, Central Accounts, CID No.: 10603001557)*
- b) The BHSL, Druk Green Power Corporation had receivables amounting to Nu. 2.383 million against various sundry debtors. The receivables had remained unadjusted since 2017 and lying unadjusted as of 31 December 2019. The lapses occurred due to not having proper checks, controls and follow-up system over receivables. *(AIN: 16570; OB No: 5; Accountabilities: Direct: Kencho Tenzin, Accountant, CID No.: 11410006450; Supervisory: Tshering Dorkar, Assist. Manager (Finance), CID No.: 10203001412)*

3.6.9. KUENSEL CORPORATION LIMITED

During the year, the RAA had issued one audit report of the Kuensel Corporation Limited (KCL). There were three observations amounting to Nu. 56.843 million of which observations amounting to Nu. 1.403 million were either resolved as of 31 January 2021 or did not qualify for inclusion in the AAR 2020.

The significant unresolved irregularities amounted to Nu. 55.440 million as summarised below:

Category Code	Category Description	Nu.in million
5	Shortfalls, Lapses & Deficiencies	55.440
Total		55.440

5. SHORTFALLS, LAPSES & DEFICIENCIES – NU. 55.440 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 55.440 million is as indicated below:

5.1. OUTSTANDING TRADE RECEIVABLES – NU. 55.440 MILLION

The Kuensel Corporation Limited had outstanding trade receivables aggregating to Nu. 55.440 million against various debtors. The receivables had remained unadjusted despite management's follow-up action for several times as the receivables were pending for long duration. The lapses was exacerbated by non-segregation of current and non-current Trade Receivables. (AIN: 16759; OB No: 2; Accountabilities: Direct: Ugyen Lhendup, Finance Manager, CID No.: 10205006681; Supervisory: Thinley Namgyel, GMO, CID No.: 11513002225)

3.6.10. FARM MACHINERY CORPORATION LIMITED

During the year, the RAA had issued two audit reports of the Farm Machinery Corporation Limited (FMCL). There were 11 observations amounting to Nu. 3.720 million of which no observations were resolved by 31 January 2021 and no observations were disqualified for inclusion in AAR 2020.

The significant unresolved irregularities amounted to Nu. 3.720 million as summarised below:

Category Code	Category Description	Nu. in million
2	Embezzlement	0.451
3	Mismanagement	3.269
	Total	3.720

2. EMBEZZLEMENT – NU.0.451 MILLION

The cases with elements of embezzlement involving Nu. 0.451 million is as indicated below:

2.1. REVENUE SHORTAGE - NU. 0.451 MILLION

The Farm Machinery Corporation Limited (FMCL), Paro had a shortage of revenue amounting to Nu. 0.451 million generated from the sale of POL. The sales were manipulated by overwriting the dates on the cash memos by the POL station dealing official. The amount is not yet recovered and the administrative action is also pending. (AIN: 17012; OB No.:1; Accountabilities: Direct: Sonam Tshering, POL Manager, CID No.: 10807000110; Supervisory: Yeshi Choden, Regional Manager, EID No.: 11009001198)

3. MISMANAGEMENT – NU. 3.269 MILLION

The cases of non-compliance to laws and rules involving Nu. 3.269 million are as indicated below:

Sl. No.	Observation in rief	Nu. in million
3.1	POL Revenue not deposited in the bank	0.261
3.2	NON-deposit of other revenues	2.874
3.3	Excess Hiring charges collected from farmers	0.134
	Total	3.269

3.1. POL REVENUE NOT DEPOSITED IN THE BANK - NU. 0.261 MILLION

The FMCL, Paro had not deposited revenue amounting to Nu. 0.261 million collected from different POL stations in 2019 even after the lapse of 6 months. The lapse occurred due to not having proper guidelines on revenue collection and deposits. (AIN: 17012; OB No.2; Accountabilities: Direct: Yeshi Choden, Regional Manager, CID No.: 11009001198; Jurmi Tenzin, Regional, CID No.: 10606000748; Leki Dung, Regional Manager, 12003002462 & Kinley Zangmo, Regional Manager, 11805002342; Supervisory: Chogyal, Deputy General Manager, CID No.: 11315001826)

3.2. NON-DEPOSIT OF OTHER REVENUES - NU. 2.874 MILLION

The FMCL, Paro had not deposited revenue amounting to Nu. 2.874 million generated from sales & hiring of farm machineries for the year 2018 and 2019 by the different Regional Offices. The lapse was due to improper categorization of the revenue center. (AIN: 17012; OB No.3; Accountabilities: Direct: Yeshi Choden, Regional Manager, CID No.: 11009001198; Jurmi Tenzin, Regional, CID No.: 10606000748; Leki Dung, Regional Manager, 12003002462 & Kinley Zangmo, Regional Manager, 11805002342; Supervisory: Chogyal, Deputy General Manager, CID No.: 11315001826)

3.3. EXCESS HIRING CHARGES COLLECTED FROM FARMERS - NU. 0.134 MILLION

The Farm Machineries Corporation Limited collected excess hiring charges amounting to Nu. 0.134 million from hiring of machineries to the farmers. Although the subsidies are provided for hire at the approved subsidized rates it had not been followed leading to excess collection for farmers. (AIN: 17012; OB No.: 4; Accountabilities: Direct: Choney Dorji, DFP, CID No.: 11503001497; Supervisory: Yeshi Choden, Regional Manager, EID No.: 11009001198)

3.6.11. NATIONAL HOUSING DEVELOPMENT CORPORATION LIMITED

During the year, the RAA had issued two audit reports of the National Housing Development Corporation Limited (NHDCL). There were 26 observations amounting to Nu. 1.517 million of which observations amounting to Nu. 0.844 million were either resolved as of 31 January 2021 or did not qualify for inclusion in the AAR 2020.

The significant unresolved irregularities amounted to Nu. 0.673 million as summarised below:

Category Code	Category Description	Nu. in million
5	Shortfalls, lapses & deficiencies	0.673
	Total	0.673

5. SHORTFALLS, LAPSES & DEFICIENCIES – NU.0.673 MILLION

The case of shortfalls, lapses and deficiencies involving Nu. 0.673 million is as indicated below:

5.1. EXCESS PAYMENT - NU. 0.673 MILLION

- a) The National Housing and Development Corporation Limited (NHDCL) had made excess payment aggregating to Nu. 0.185 million against various contractors for the construction of buildings (Package 1 – 7). The excess payment occurred due to difference in quantities of plinth protection work executed at site and payment made for. (AIN: 16611; OB No.: 2; Accountabilities: Direct: Tashi Tobgay, Offtg. GM, CID No.: 10907000109; Tshering Penjor, EE,

CID No.: 11405000982; M/s Bhutan Alliance Pvt. Ltd., CDB No.: 4271; Supervisory: Karchung, GM, CID No: 11107003035)

- b) The National Housing and Development Corporation Limited (NHDCL) had made excess payment aggregating to Nu. 0.251 million to M/s Bhutan Alliance Pvt. Ltd. for the construction of three storied residential building and site development works at Amochu (Package 5). The excess payment had occurred due to payment for TMT for balconies and as well as for slab in each floor. *(AIN: 16611; OB No.: 5.2; Accountabilities: Direct: Tshering Penjor, EE, CID No.: 11405000982; M/s Bhutan Alliance Pvt. Ltd., CDB No.: 4271; Supervisory: Karchung, GM, CID No: 11107003035)*
- c) The National Housing and Development Corporation Limited (NHDCL) had made excess payment aggregating to Nu. 0.237 million to M/s Neten Construction Pvt. Ltd. for the construction of four storied residential building and site development works near Rabten Workshop. The excess payment had occurred due to difference in quantities of items of work executed at site and payment made for pertaining to the construction of road. *(AIN: 16611; OB No.: 8.1; Accountabilities: Direct: Tendup Lepcha, Project Engineer, CID No.: 11213005341; M/s Neten Construction Pvt. Ltd., CDB No.: 1708; Supervisory: Karchung, GM, CID No: 11107003035)*

3.6.12. PENDEN CEMENT AUTHORITY LIMITED

During the year, the RAA had issued one audit report of the Penden Cement Authority Limited (PCAL). There were 15 observations amounting to Nu. 0.112 million of which observations amounting to Nu. 0.057 million were either resolved as of 31 January 2021 or did not qualify for inclusion in AAR 2020.

The significant unresolved irregularities amounted to Nu. 0.055 million as summarised below:

Category Code	Category Description	Nu. in million
5	Shortfalls, lapses & deficiencies	0.055
	Total	0.055

5. SHORTFALLS, LAPSES & DEFICIENCIES – NU. 0.055 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.055 million is as indicated below:

5.1. UNADJUSTED ADVANCES - NU. 0.055 MILLION

The Penden Cement Authority Limited (PCAL) had unadjusted advances of Nu. 0.055 million against 16 employees as of December 2019. Some advance pertains to those employees who had already resigned from the authority. The lapses had occurred due to lack of checks and verification of the employees advances at the end of the year and during the time of resignation. *(AIN: 16743; OB No.: 8; Accountabilities: Direct: Sonam Penjore, Office Assistant, CID No.: 11104003064; Supervisory: Tashi Dorji, Offtg. Director, CID No.: 10807003669)*

3.6.13. SARPANG LAYER CORPORATIVE

During the year, the RAA had issued one audit report of the Sarpang Layer Corporative (SLC). There were eight observations amounting to Nu. 3.568 million of which no observations were

resolved as of 31 January 2021 and no observations were disqualified from inclusion in AAR 2020.

The significant unresolved irregularities amounted to Nu. 3.568 million as summarized below:

Category Code	Category Description	Nu. in million
4	Non-compliance to laws and rules	3.484
5	Shortfalls, Lapses & Deficiencies	0.084
	Total	3.568

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 3.484 MILLION

The cases of non-compliance to laws and rules involving Nu. 3.484 million are as indicated below:

Sl. No.	Observation in rief	Nu. in million
4.1	Excess Payment of house rent	0.091
4.2	Unreconciled closing fund balance	0.422
4.3	Short deposit of funds	1.770
4.4	Outstanding Payments	1.009
4.5	Outstanding receivables	0.101
4.6	Outstanding dues from agents	0.091
	Total	3.484

4.1. EXCESS PAYMENT OF HOUSE RENT – NU. 0.091 MILLION

The Sarpang Layer Cooperative, Dekiling had made excess payment of Nu. 0.091 million towards hiring a office space. The house rent was for two years from January 2014 till December 2015 at Nu. 5,000.00 per month. Although the total house rent should have been Nu.120,000.00, the house owner Mr. Sonam Dorji was paid Nu. 210,697.00. The lapses occurred due to not having proper check and controls in the payment of house rent to the landlord. The case is with the Royal Court of Justice. *(AIN: 16898; OB No.1; Accountabilities: Direct: Prem Kr. Rasaily, Former Secretary, CID No.: 11803000622; Supervisory: San Bdr. Subba, Former Chairman, CID No.: 11311000868)*

4.2. UNRECONCILED CLOSING FUND BALANCE – NU. 0.422 MILLION

The Sarpang Layer Cooperative, Dekiling had unreconciled closing fund balance amounting to Nu. 0.422 million. The lapses occurred due to not having proper system of handing & taking of the accounts while official leaves the offices. *(AIN: 16898; OB No.3; Accountabilities: Direct: Prem Kr. Rasaily, Former Secretary, CID No.: 11803000622; Supervisory: San Bdr. Subba, Former Chairman, CID No.: 11311000868)*

4.3. SHORT DEPOSIT OF FUNDS - NU. 1.770 MILLION

The Sarpang Layer Cooperative, Dekiling had not deposited revenue amounting to Nu. 1.770 million. The revenue pertains to commission, registration and membership fees. The lapses occurred due to not having proper checks and controls in maintaining books of accounts and not having month-end fund reconciliation system. *(AIN: 16898; OB No.5; Accountabilities: Direct: Tashi Rabten, Former Secretary, CID No.: 11301001437; Supervisory: Nima Lama, Chairman, CID No.: 11311000767)*

4.4. OUTSTANDING PAYMENT - NU. 1.009 MILLION

The Sarpang Layer Cooperative, Dekiling had not paid Nu. 1.009 million to its members. The payment pertains to the cost of eggs bought from its members. The lapses occurred due to not having clear operating procedure in making payments to its members. (AIN: 16898; OB No.6; Accountabilities: Direct: Tashi Rabten, Former Secretary, CID No.: 11301001437; Srijana Rai, Treasurer, CID No.: 11305000455 & Ram Kr. Guragai, Secretary, CID No.: 11307000760; Supervisory: Nima Lama, Chairman, CID No.: 11311000767)

4.5. OUTSTANDING RECEIVABLES - NU. 0.101 MILLION

The Sarpang Layer Cooperative, Dekiling had outstanding receivables of Nu. 0.101 million from its members. The receivables pertains to the cost of egg trays supplied to its members. The lapses occurred due to the system of direct deduction of the cost of egg tray from the cost of eggs collected from its members without segregating the income/revenue. (AIN: 16898; OB No.7; Accountabilities: Direct: Tashi Rabten, Former Secretary, CID No.: 11301001437; Srijana Rai, Treasurer, CID No.: 11305000455 & Ram Kr. Guragai, Secretary, CID No.: 11307000760; Supervisory: Nima Lama, Chairman, CID No.: 11311000767)

4.6. OUTSTANDING DUES FROM AGENTS - NU. 0.091 MILLION

The Sarpang Layer Cooperative, Dekiling had outstanding dues receivable of Nu. 0.091 million from its agents. The dues receivables pertains to the cost of eggs supplied to the agents. The lapses occurred due to not having proper system of follow-up and recovery of the cost of eggs. (AIN: 16898; OB No.8; Accountabilities: Direct: Tashi Rabten, Former Secretary, CID No.: 11301001437; Supervisory: Nima Lama, Chairman, CID No.: 11311000767)

5. SHORTFALLS, LAPSES & DEFICIENCIES – NU. 0.084 MILLION

The case of shortfalls, lapses and deficiencies involving Nu. 0.084 million is as indicated below:

5.1. OUTSTANDING ADVANCES/LOANS - NU. 0.084 MILLION

The Sarpang Layer Cooperative, Dekiling had outstanding advance/loans amounting to Nu. 0.084 million. The outstanding advance/loans pertains to the loans released to its members during the year 2014 to 2016. The lapses occurred due to not having proper system of follow-up and recovery of the loans from its members. (AIN: 16898; OB No.2; Accountabilities: Direct: Prem Kr. Rasaily, Former Secretary, CID No.: 11803000622; Supervisory: San Bdr. Subba, Former Chairman, CID No.: 11311000868)

3.6.14. STATE TRADING CORPORATION OF BHUTAN LIMITED

During the year, the RAA had issued two audit reports of the State Trading Corporation of Bhutan Limited (STCBL). There were 18 observations amounting to Nu. 150.054 million of which observations amounting to Nu. 0.074 million were either resolved as of 31 January 2021 or did not qualify for inclusion in AAR 2020.

The significant unresolved irregularities amounted to Nu. 149.980 million as summarized below:

Category Code	Category Description	Nu. in million
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2	Embezzlement	2.572
4	Non-compliance to laws and rules	3.651
5	Shortfalls, Lapses & Deficiencies	143.757
Total		149.980

2. EMBEZZLEMENT – NU. 2.572 MILLION

The case of embezzlement involving Nu. 2.572 million is as indicated below:

2.1. NON-ACCOUNTAL OF REVENUE - NU. 2.572 MILLION

- a) The STCBL, TATA Division had not accounted revenue amounting to Nu. 0.571 million against M/s Rigsar Construction Pvt. Ltd., Thimphu. The revenue was for the penal interest of 24% as M/s Rigsar construction had failed to pay the installments on time for the purchase of vehicles on the installment basis. The lapses occurred due to the failure to impose and collect liable penalties from the party by the dealing official. *(AIN: 16823; OB No: 6.1; Accountabilities: Direct: Pema Yangchen, Dy. Manager, TATA Division, CID No.: 10706002399; Supervisory: Ugyen chada, General Manager, TATA Division, CID No.: 11102004710)*
- b) The STCBL, TATA Division had not accounted revenue amounting to Nu. 0.254 million against Mr. Langa C/o Cheki Wangmo Transport. The revenue was for the penal interest of 24% as Mr. Langa, C/o Cheki Wangmo Transport had failed to pay the installments on time for the purchase of vehicles on the installment basis. The lapses occurred due to the failure to impose and collect liable penalties from the party by the dealing official. *(AIN: 16823; OB No: 6.2; Accountabilities: Direct: Pema Yangchen, Dy. Manager, TATA Division, CID No.: 10706002399; Supervisory: Ugyen chada, General Manager, TATA Division, CID No.: 11102004710)*
- c) The STCBL, TATA Division had not accounted revenue amounting to Nu. 0.112 million against M/s Choden Transport & M/s Tag Sing Chung Druk Construction Private Limited. The revenue was for the penal interest of 24% as the parties had failed to pay the service bill within 30 days and had defaulted by 5688 days and 1244 days respectively. The lapses occurred due to the failure to impose and collect liable penalties from the parties by the dealing official. *(AIN: 16823; OB No: 6.3; Accountabilities: Direct: Seep Jonee Uraon, Manager, Service, TATA Division, CID No.: 11204004671; Supervisory: Ugyen chada, General Manager, TATA Division, CID No.: 11102004710)*
- d) The STCBL, Eicher Division had not accounted revenue amounting to Nu. 1.236 million against M/s Rigsar Construction & M/s Biky Construction. The revenue was for the penal interest of 24% as the parties had failed to pay the installments on time for the purchase of vehicles on the installment basis. The lapses occurred due to the failure to impose and collect liable penalties from the parties by the dealing official. *(AIN: 16823; OB No: 7.3; Accountabilities: Direct: Pema Chozom, Dy. Manager, Eicher Division, CID No.: 12003001435; Supervisory: Sonam Nyeanda, General Manager, Eicher Division, CID No.: 10715000891)*
- e) The STCBL, Apollo Tyres Division had not accounted revenue amounting to Nu. 0.399 million against various parties. The revenue was for the penal interest of 24% as the parties had failed to make the payment on time. The lapses occurred due to the failure to impose and collect liable penalties from the parties by the dealing official. *(AIN: 16823; OB No: 8;*

Accountabilities: Direct: Damchu Wangchuk, Manager, Eicher Division, CID No.: 10902000114; Supervisory: Sonam Nyeanda, General Manager, Eicher Division, CID No.: 10715000891)

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 3.651 MILLION

The cases of non-compliance to laws and rules involving Nu. 3.651 million are as indicated below:

Sl. No.	Observation in rief	Nu. in million
4.1	Taxes booked in Profit and loss Account	0.336
4.2	Non-recognition of NRV of the Inventory	1.809
4.3	Outstanding Debtor	1.506
	Total	3.651

4.1. TAXES BOOKED IN PROFIT & LOSS A/C – NU. 0.336 MILLION

The STCBL had booked green tax amounting to Nu. 0.336 million as revenue in the profit and loss account instead of adding to the value of inventory. The Green Tax for the vehicles purchased and sold in 2018 were declared and remitted in 2019. However, the green tax for the vehicles that could not be sold in 2018 were booked as revenue. The lapses occurred due to misinterpretation of rules. *(AIN: 16823; OB No.3; Accountabilities: Direct: Amrita Rai, Manager, FAD, CID No.: 11301002624; Supervisory: Chenchho, Chief Finance Officer, CID No: 11705000224)*

4.2. NON-RECOGNITION OF NRV OF THE INVENTORY - NU. 1.809 MILLION

The STCBL had valued the inventory at cost amounting to Nu. 1.809 million for the Star Bus Ultra instead of the Net Relizable Value (NRV) though the vehicle is not in good condition. The lapses occurred as the management could not determine the Net Relizable Value in absence of response from the supplier (TATA). *(AIN: 16823; OB No.:6.4; Accountabilities: Direct: Pema Yangchen, Dy. Manager, TATA Division, CID No.: 10706002399; Supervisory: Ugyen Chada, General Manager, TATA Division, CID No.: 11102004710)*

4.3. OUTSTANDING DEBTOR - NU. 1.506 MILLION

The STCBL had outstanding recivable amounting to Nu. 1.506 million against Mr. Subash Tamang for 3 units of Eicher Terra 16 XP vehicle. Mr Subash Tamanag failed to pay the monthly installment despite signing the undertaking to pay the installment after the default. The lapses was occurred due to poor follow-up procedure to recover the overdue. *(AIN: 16823; OB No.: 7.4; Accountabilities: Direct: Pema Chozom, Dy. Manager, Eicher Division, CID No.: 12003001435; Supervisory: Sonam Nyeanda, General Manager, Eicher Division, CID No: 10715000891)*

5. SHORTFALLS, LAPSES & DEFICIENCIES – NU. 143.757 MILLION

The case of shortfalls, lapses and deficiencies involving Nu. 143.757 million is as indicated below:

5.1. UNRECONCILED TRADE RECEIVABLE BALANCE – NU. 143.757 MILLION

The STCBL had unreconciled Trade Receivables Balance of Nu. 143.757 million. The receivables had remained outstanding as the customers directly deposited into the bank and corresponding customer's ledger could not be updated/adjusted in absence of required information including some receivables from 2010 and prior. The lapses were due to not having proper follow-up system and, debtor's confirmation were done on sample basis. *(AIN: 16832; OB No.:1;*

Accountabilities: Direct: Rinchen Choda, Dy. Manager, FAD, CID No.: 11303003474; Supervisory: Chencho, Chief Finance Officer, CID No.: 11705000224)

3.6.15. WOOD CRAFT CENTRE

During the year, the RAA had issued one audit report of the Wood Craft Centre (WCC). There were two observations amounting to Nu. 0.288 million of which no observations were resolved as of 31 January 2021 and no observations were disqualified from inclusion in AAR 2020.

The significant unresolved irregularities amounted to Nu. 0.288 million as summarised below:

Category Code	Category Description	Nu. in million
3	Mismanagement	0.288
	Total	0.288

3. MISMANAGEMENT – NU. 0.288 MILLION

The case of mismanagement involving Nu.0.288 million is as indicated below:

3.1. NON-LEVY OF PENALTY - NU. 0.288 MILLION

The Wood Craft Centre (WCC) had not levied penalty aggregating to Nu. 0.288 million against various customers (Government Agencies). The penalty pertains to payment not made after the permissible limit of 60 days from the date of sale as per the Credit Sales Policy, 2018. *(AIN: 16696; OB No.1; Accountabilities: Direct: Srijana Ghalley, Marketing Manager; Supervisory: Singye Dorji, Chief Executive Officer)*

3.7. FINANCIAL INSTITUTIONS

During the year, Financial Institutions had unresolved irregularities as follows:

3.7.1. BHUTAN DEVELOPMENT BANK LIMITED

During the year, the RAA had issued four audit reports of the Bhutan Development Bank Limited (BDBL). There were 101 observations amounting to Nu. 321.638 million of which observations amounting to Nu. 10.617 million were either resolved as of 31 January 2021 or did not qualify for inclusion in AAR 2020.

The significant unresolved irregularities amounted to Nu. 311.021 million as summarised below:

Category Code	Category Description	Nu. in million
4	Non-compliance to laws and rules	3.643
5	Shortfalls, lapses and deficiencies	307.378
	Total	311.021

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 3.643 MILLION

The cases of non-compliance to laws and rules involving Nu. 3.643 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
4.1	Sanction of additional loans without legitimate documents	1.300
4.2	Loan appraisal and sanction by same official	0.700
4.3	Over Valuation of Collateral Security	0.700
4.4	No signature in loan agreement	0.943
	Total	3.643

4.1. SANCTION OF ADDITIONAL LOANS WITHOUT LEGITIMATE DOCUMENTS – NU. 1.300 MILLION

The BDBL Branch Office, Bumthang had sanctioned additional loan amounting to Nu.1.300 million to Mr. Minjur bearing CID No.: 10103001736 without any legitimate documents. The loan amounting to Nu. 0.500 million was disbursed in 2016 without any loan application documents and the amount was credited to the saving account of Mr. Lodoe Rinchen. Further, Nu. 0.800 million was disbursed in 2017 to Mr. Minjur without any loan application. The lapses had occurred due to the failure to comply with the loan appraisal and sanctioning procedures. (AIN: 16879; OB No.:1.10.1; Accountabilities: Direct: Kinley Choki, CID No.: 11006001509; Supervisory: Tashi, CID No. 11914001408)

4.2. LOAN APPRAISAL AND SANCTION BY SAME OFFICIAL – NU. 0.700 MILLION

The BDBL Branch Office, Bumthang had sanctioned personal loan amounting to Nu. 0.700 million to Mr. Minjur bearing CID No.: 10103001736 and was appraised and approved by Ms. Kinley Choki. Further, Loan agreement and loan disbursement memo were also approved and signed by Ms. Kinley Choki. The lapses occurred due to not having proper checks, controls and monitoring over loan appraisal and approval process. (AIN: 16879; OB No.:1.10.4; Accountabilities: Direct: Kinley Choki, CID No.: 11006001509; Supervisory: Tashi, CID No. 11914001408)

4.3. OVER VALUATION OF COLLATERAL SECURITY – NU. 0.700 MILLION

The BDBL Branch Office, Bumthang had sanctioned personal loan amounting to Nu. 0.700 million to Mrs. Karma Choki bearing CID No.: 10101000460 mortgaging 6334 sq. ft land as collateral security. The collateral security was overvalued by application of higher rates than the rates issued by the Property Assessment and Valuation Agency, Ministry of Finance. (AIN: 16879; OB No.:1.11.1; Accountabilities: Direct: Kinley Choki, CID No.: 11006001509; Supervisory: Tashi, CID No. 11914001408)

4.4. NO SIGNATURE IN LOAN AGREEMENT – NU. 0.943 MILLION

The BDBL Branch Office, Bumthang had sanctioned employee loan amounting to Nu. 0.500 million without the signature of the clients and the witness. Further, no CID copies of the client and the witness were maintained. The employee loan was disbursed on 29 June 2014 and the outstanding loan balance amounted to Nu. 0.943 million as of September 2020. The lapses occurred due to not having proper checks, controls and monitoring over loan appraisal and approval process. (AIN: 16879; OB No.:1.12.3.1; Accountabilities: Direct: Tshering Dema, CID No.: 11701000199; Supervisory: Parasha Bhandari, CID No. 11306001543)

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 307.378 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 307.378 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
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5.1	Missing Loan files	2.997
5.2	Issuance of no objection certificate before liquidation of loan	0.115
5.3	Huge case of defaulted loans	145.818
5.4	Term Expired defaulted loans	39.582
5.5	Pending court registration for defaulted loans	82.803
5.6	Non-liquidation of loan after even court verdict	0.676
5.7	Defaulted Personal Loan	0.462
5.8	Defaulted Overdraft Loan	1.500
5.9	Outstanding Loans	33.425
	Total	307.378

5.1. MISSING LOAN FILES – NU. 2.997 MILLION

The BDBL Branch Office, Bumthang had sanctioned several loans aggregating to Nu. 2.997 million from 2012 till 2017. However, the related loans files were missing and the aggregated loan outstanding amounts to Nu. 2.997 million as of September 2020. The lapses occurred due to poor custody, improper storage of the vital documents and handing-taking procedure when official goes on transfer. (AIN: 16879; OB No.:1.1; Accountabilities: Direct: Kinley Choki, CID No.: 11006001509; Supervisory: Tashi, CID No. 11914001408)

5.2. ISSUANCE OF NO OBJECTION CERTIFICATE BEFORE LIQUIDATION OF LOAN – NU. 0.115 MILLION

The BDBL Branch Office, Bumthang had issued no objection certificate to the client for resignation without actually liquidating the loan. The employee loan amounting to Nu. 0.065 million was sanctioned on 27 September 2013. However, the client had defaulted the loan repayment by 1954 days and overdue amounted to Nu. 0.115 million as of 13 August 2019. The lapses was due to not having proper checks, controls and monitoring over issuance of no objection certificate. (AIN: 16879; OB No.:1.12.1; Accountabilities: Direct: Parasha Bhandari, CID No.: 11306001543; Supervisory: Tashi, CID No. 11914001408)

5.3. HUGE CASES OF DEFAULTED LOANS – NU. 145.818 MILLION

The BDBL Branch Office, Bumthang has 314 loan accounts amounting to Nu. 145.818 million being categorized under defaulted loans. The period of default ranges from 91 days to more than 540 days. The lapses occurred due to sanctioning of loans without proper evaluation and not having efficient follow-up process. (AIN: 16879; OB No.:2.1; Accountabilities: Direct: Gyem, CID No.: 11401000721; Ngawang Tashi, CID No.: 11606003102; Lungten Jamtsho, CID No.: 10906000544; Tenzin Wangchuk, CID No.: 11606002431 & Tenzin Pelden, CID No.: 10809000104; Supervisory: Sonam Wangchuk, CID No. 11506002773)

5.4. TERM EXPIRED DEFAULTED LOANS – NU. 39.582 MILLION

The BDBL Branch Office, Bumthang has several term loans, working capital loans and overdraft loans amounting to Nu. 29.765 million which had been defaulted and loan terms expired. The total outstanding balance amounts to Nu. 39.582 million as of September 2019. The loans had been outstanding from 45 days to more than 2864 days from its actual loan term requiring serious follow-up. (AIN: 16879; OB No.:2.2; Accountabilities: Direct: Gyem, CID No.: 11401000721; Ngawang Tashi, CID No.: 11606003102; Lungten Jamtsho, CID No.: 10906000544; Tenzin Wangchuk, CID No.: 11606002431 & Tenzin Pelden, CID No.: 10809000104; Supervisory: Sonam Wangchuk, CID No. 11506002773)

5.5. PENDING COURT REGISTRATION FOR DEFAULTED LOANS – NU. 82.803 MILLION

The BDBL Branch Office, Bumthang has several loan accounts amounting to Nu. 82.803 million that had been seriously defaulted awaiting registration with the court of law as of August 2019. The overdue ranges from 105 days to 2864 days. The lapses occurred due to not having proper follow-up action against the defaulters. (AIN: 16879; OB No.:2.3; Accountabilities: Direct: Tshering Dema, CID No.: 11701000199; Supervisory: Parasha Bhandari, CID No. 11306001543)

5.6. NON-LIQUIDATION OF LOAN EVEN AFTER COURT VERDICT – NU. 0.676 MILLION

The BDBL Branch Office, Bumthang had sanctioned and disbursed agriculture loan amounting to Nu. 0.500 million with 0.66 acres land under Thram No.: 2539 as the collateral security. However, the loan was not liquidated even after lapse of 1225 days from the court judgement nor the collateral security was seized from the clients. The total loan outstanding amounted to Nu. 0.676 million as of 13 August 2019. The lapses occurred due to not having proper guidelines and procedures to follow if the clients fails to comply with the court verdict. (AIN: 16879; OB No.:2.4.1; Accountabilities: Direct: Wangdila, CID No.: 11606001461; Supervisory: Nima Choezang, CID No. 10902001754)

5.7. DEFAULTED PERSONAL LOAN – NU. 0.462 MILLION

The BDBL Branch Office, Bumthang had sanctioned two personal loans amounting to Nu. 1.000 million (Nu.0.500 million each). The loan had been defaulted by 2014 days and 2010 days as on 13 August 2019. The total outstanding balance amounts to Nu. 0.462 million. The lapse occurred due to lack of proper and prompt follow-up system. The cases are with the Royal Court of Justice. (AIN: 16879; OB No.:2.5.1; Accountabilities: Direct: Wangdila, CID No.: 11606001461; Supervisory: Nima Choezang, CID No. 10902001754)

5.8. DEFAULTED OVERDRAFT LOAN – NU. 1.500 MILLION

The BDBL, Bumthang branch had sanctioned OD loan amounting to Nu. 1.500 million without complete documentations. The lapse was due to lack of proper checks and controls over loan appraisals and sanctions of loans. The case was registered with the court and court verdict was issued to liquidate the loan by the end of November 2019. (AIN: 16879; OB No.:1.8.1; Accountabilities: Direct: Kinley Choki, EID No.: BD0461; Supervisory: Tashi, CID No.: 11914001408)

5.9. OUTSTANDING LOANS – NU. 33.425 MILLION

The BDBL had outstanding loans amounting to Nu. 33.425 million against various clients. The outstanding loans ranges from 91 days to 9056 days. The lapses occurred due to lack of proper follow-up system for the recovery of the loans. (AIN: 16543; OB No.: 1; Accountabilities: Direct: Bir Maya Chhetri, Credit Assistant, CID No.: 10211000913; Pema Samba, Credit Officer, CID No.: 11307001027 & Jigme Tenzin, Credit Assistant, CID No.: 10104001031; Supervisory: Penjor, BM, CID No.: 12004000108)

3.7.2. BANK OF BHUTAN LIMITED

During the year, the RAA had issued three audit reports of the Bank of Bhutan Limited (BoBL). There were 10 observations amounting to Nu. 160.442 million of which no observations were

resolved as of 31 January 2021 and no observations were disqualified from inclusion in the AAR 2020.

The significant irregularities amounted to Nu. 160.442 million as summarised below:

Category Code	Category Description	Nu. in million
5	Shortfalls, lapses and deficiencies	160.442
	Total	160.442

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 160.442 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 160.442 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
5.1	Overdraft facility for Insurance premium payment	2.731
5.2	Overdue loans	147.954
5.3	Term Expired Loans	9.757
	Total	160.442

5.1. INELIGIBLE OVERDRAFT FACILITY FOR INSURANCE PREMIUM PAYMENT - NU. 2.731 MILLION

The BoBL Branch Office, Trongsa had facilitated overdraft facilities amounting to Nu. 2.731 million (including interest of Nu.0.608 million) for the payment of insurance premium to RICBL for the insurance of View Point Resort, Trongsa from 2014 till 2020. The actual amount paid as premium amounts to Nu. 2.123 million. The lapses was due to not having clear policies regarding the eligibility of overdraft facilities. *(AIN: 16954; OB No.:1.1; Accountabilities: Direct: Kalpana Sunwar, Loan Officer, EID/CID No. 2366/11208000474; Supervisory: Yeshi Wangmo, Branch Manager, EID/CID No.2173/ 11504003826)*

5.2. OVERDUE LOANS - NU. 147.954 MILLION

The BoBL Branch Office, Trongsa had outstanding loans and advances of Nu. 147.954 million against 9 clients. The loans were due ranging from 91 days to 1800 days. The credit monitoring and supervision unit had not rigorously followed-up with the clients to expedite recovery and regularize the loan accounts and OD accounts. *(AIN: 16954; OB No.: 1.2; Accountabilities: Direct: Kalpana Sunwar, Loan Officer, EID/CID No. 2366/11208000474; Supervisory: Yeshi Wangmo, Branch Manager, EID/CID No.2173/ 11504003826)*

5.3. TERM EXPIRED LOANS - NU. 9.757 MILLION

- a) The BoBL Branch Office, Trongsa had outstanding loans and advances of Nu. 9.049 million against 7 clients whose loan term had expired. The loans were due ranging from 93 days to 2590 days or more. The credit monitoring and supervision unit had not rigorously followed-up with the clients to expedite recovery and regularize the loan accounts and OD accounts. *(AIN: 16954; OB No.:1.3; Accountabilities: Direct: Kalpana Sunwar, Loan Officer, EID/CID No. 2366/11208000474; Supervisory: Yeshi Wangmo, Branch Manager, EID/CID No.2173/ 11504003826)*
- b) The BoBL Branch Office, Zhemgang had outstanding loans and advances of Nu. 0.708 million against 2 clients whose loan term had expired. The cases are with the Royal Court of Justice.

(AIN: 16953; OB No.:1.1; Accountabilities: Direct: Sita Mongar, Loan Officer, EID/CID No.: 2625/11810002108; Supervisory: Sonam Gyeltshen, Branch Manager, EID/CID No.: 1302/11008000068)

3.7.3. ROYAL INSURANCE CORPORATION LIMITED

During the year, the RAA had issued one audit reports of the Royal Insurance Corporation of Bhutan Limited (RICBL). There was one observations amounting to Nu. 183.445 million of which no observations were resolved as of 31 January 2021 and no observation was disqualified from inclusion in the AAR 2020.

The significant irregularities amounted to Nu. 183.445 million as summarised below:

Category Code	Category Description	Nu. in million
5	Shortfalls, lapses and deficiencies	183.445
	Total	183.445

The case of shortfalls, lapses and deficiencies involving Nu. 183.445 million are as indicated below:

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU.183.445 MILLION

5.1. OVERDUE LOANS - NU. 183.445 MILLION

The RICBL, Branch Office, Bumthang had outstanding loans and advances of Nu. 183.445 million against 7 clients. The loans were due ranging from 120 days to 425 days and more. The credit monitoring and supervision unit had not rigorously followed-up with the clients to expedite recovery and regularize the loan accounts and OD accounts. *(AIN: 16603; OB No.:1.1; Accountabilities: Direct: Karma, Branch Manager, EID No.: 114636; Supervisory: Kinzang Dorji, General Manager, EID No.: 114515)*

3.8. NON-GOVERNMENTAL ORGANISATIONS

During the year, Non-Governmental Organisations had unresolved irregularities as follows:

3.8.1. BHUTAN ANIMAL RESCUE AND CARE

During the year, the RAA had issued one audit report of Bhutan Animal Rescue and Care (BARC). There was one observation amounting to Nu. 3.386 million of which no observation was resolved as of 31 January 2021 and no observation was disqualified from inclusion in the AAR 2020.

The significant unresolved irregularities amounting to Nu. 3.386 million are as summarised below:

Category Code	Category Description	Nu. in million
5	Shortfalls, Lapses and Deficiencies	3.386
	Total	3.386

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU.3.386 MILLION

The case of shortfalls, lapses and deficiencies involving Nu. 3.386 million is as indicated below:

5.1. NON-MAINTENANCE OF DONATION RECEIVED DOCUMENTS– NU. 3.386 MILLION

The Bhutan Animal Rescue and Care (BARC) had received donations amounting to Nu. 3.386 million. There were no documents being maintained from where and whom the donations had been received. The lapses occurred due to direct deposit of funds by the donors into the bank account and non-documentation of details of donors with amounts subsequently by BARC. (AIN: 16682; OB No.: 1; Accountabilities: Direct: Hendrik Visser, Finance and Admin, CID No.: BF03PD1R9; Supervisory: Kinley Gyeltshen, Board Member and Treasurer, CID No.: 11001001892)

3.8.2. GOGONA KANJUR TSHOGPA

During the year, the RAA had issued one audit report of the Gogona Kanjur Tshogpa. There were four observations amounting to Nu. 2.132 million of which no observation was resolved as of 31 January 2021 and no observation was disqualified from inclusion in AAR 2020.

The significant unresolved irregularity amounted to Nu. 2.132 million as summarised below:

Category Code	Category Description	Nu. in million
2	Embezzlement	0.027
3	Mismanagement	0.105
4	Non-compliance to laws & rules	2.000
Total		2.132

2. EMBEZZLEMENT – NU. 0.027 MILLION

The case with elements of embezzlement involving Nu. 0.027 million is as indicated below:

2.1. CASH SHORTAGE - NU. 0.027 MILLION

The Gogona Kanjur Tshogpa had cash shortage of Nu. 0.027 million. The lapses occurred due to the individual involved failed to deposit the donation received amount indicating lack of proper Standard Operating Procedure for the operation of the funds. (AIN: 16972; OB No.: 1; Accountabilities: Direct: Mindu Dorji, Chairman, CID No.: 11905001409, Tshewang Dorji, Secretary, CID No.: 11905001318 & Yeshey Dorji, Treasurer, CID No.: 11905001434; Supervisory: Mindu Dorji, Chairman, CID No.: 11905001409)

3. MISMANAGEMENT – NU. 0.105 MILLION

The case of mismanagement involving Nu. 0.105 million is as indicated below:

3.1. IRREGULAR DIVERSION OF KANJUR FUND - NU. 0.105 MILLION

The Gogona Gonpa had not refunded the balance amount of Nu. 0.105 received as seed money for Kanjur to Gogona Kanjur Tshogpa. The Gogona Goenpa had spent Nu. 0.095 million from the total of Nu. 0.200 million received. The lapses occurred due to lack of proper Standard Operating Procedure for the operation of the funds. (AIN: 16972; OB No.: 2; Accountabilities: Direct: Yeshey Dorji, Treasurer, CID No.: 11905001434; Supervisory: Mindu Dorji, Chairman, CID No.: 11905001409)

4. NON-COMPLIANCE TO LAWS & RULES – NU. 2.000 MILLION

The cases of non-compliance to laws & rules involving Nu. 2.000 million is as indicated below:

4.1. BANK ACCOUNT IN THE NAMES OF INDIVIDUALS - NU. 2.000 MILLION

The Gogona Kanjur Tshogpa had deposit Nu. 2.000 million in T-bank as Fixed Deposit @ 8% for 3 years. However, the Fixed Deposit account was opened in the name of three office bearers instead of Gogona Kanjur Tshogpa. The lapses occurred due to lack of Standard Operating Procedures. (AIN: 16972; OB No.: 3; Accountabilities: Direct: Tshewang Dorji, Secretary, CID No.: 11905001318 & Yeshey Dorji, Treasurer, CID No.: 11905001434; Supervisory: Mindu Dorji, Chairman, CID No.: 11905001409)

3.8.3. MUSIC OF BHUTAN RESEARCH CENTRE

During the year, the RAA had issued one audit report of Music Bhutan Research Centre (MBRC). There were one observations amounting to Nu. 4.550 million of which no observation was resolved as of 31 January 2021 and no observation was disqualified from inclusion in AAR 2020.

The significant unresolved irregularities amounting to Nu. 4.550 million are as summarised below:

Category Code	Category Description	Nu. in million
5	Shortfalls, Lapses and Deficiencies	4.550
	Total	4.550

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU.4.550 MILLION

The case of shortfalls, lapses and deficiencies involving Nu. 4.550 million is as indicated below:

5.1. NON-TRANSFER OF LAND OWNERSHIP– NU. 4.550 MILLION

The Music of Bhutan Research Centre, Thimphu had purchased by paying Nu. 4.550 million for 57.30 decimal land under Thram No.: 1924; Plot No.: NEW-7112 at Wangsisina, Thimphu from Mrs. Choki bearing CID No.: 11407001644 in 2015. However, the land ownership had not been transferred in the name of MBRC. The land ownership couldn't be transferred as one of the family is underaged and attain the age of maturity by 2021. (AIN: 16584; OB No.: 1; Accountabilities: Direct: Karma Zangmo, Finance Officer, CID No.: 10902001246; Supervisory: Sonam Dorji, Executive Director, CID No.: 11302000771)

3.8.4. THANGTHONG AMIDEWA FOUNDATION

During the year, the RAA had issued one audit report of Thangthong Amidewa Foundation (TAF). There were six observations amounting to Nu. 2.479 million of which no observations were resolved as of 31 January 2021 and no observation was disqualified from inclusion in the AAR 2020.

The significant unresolved irregularities amounting to Nu. 2.479 million are as summarised below:

Category Code	Category Description	Nu. in million
5	Shortfalls, Lapses and Deficiencies	2.479
	Total	2.479

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 2.479 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 2.479 million is as indicated below:

5.1. REGISTRATION OF VEHICLES IN OTHERS NAME – NU. 2.479 MILLION

The Thangthong Amidewa Foundation (TAF), Thimphu paid Nu. 2.479 million for the purchase of Toyota Pirus vehicle bearing Registration No.: BP-1-C8090. The vehicle was registered in the name of Ugyen Dema instead of registering under the name of Foundation. Further, the vehicle was offered to the Chairperson of the Foundation as an offering. The lapses occurred due to lack of proper standard operating procedure in registration of the assets and having no clarity in the provisions to make as an offering as per Religious and Organization Act of the Kingdom of Bhutan 2007. *(AIN: 16671; OB No.: 6; Accountabilities: Direct: Khenpo Yeshe Tenzin, Chairperson, CID No.: 11106000758; Supervisory: Ani Tashi Pelmo, Secretary, CID No.: 109070002248)*

3.8.5. TSHOKEY DORJI FOUNDATION

During the year, the RAA had issued one audit report of Tshokey Dorji Foundation (TDF). There were two observations amounting to Nu. 34.423 million of which no observations were resolved as of 31 January 2021 and no observations were disqualified from inclusion in the AAR 2020.

The significant unresolved irregularities amounting to Nu. 34.423 million are as summarised below:

Category Code	Category Description	Nu. in million
5	Shortfalls, Lapses and Deficiencies	34.423
	Total	34.423

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 34.423 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 34.423 million is as indicated below:

5.1. WRITEOFF OF TEMPORARY LENDING – NU.34.423 MILLION

The Tshokey Dorji Foundation (TAF), had lent Nu. 34.423 million to Lhodra Kharchu Dratshang, Bumthang to finance the construction works at Kharchu Dratshang and at Gelephu. The money was lent based on Board approval since 2011. The Board based on the request from Kharchu Dratshang had approved to write-off temporarily the lent amount of Nu. 29.000 million in 22nd Board meeting. However, Board decided to review the resolution in upcoming Board meetings. *(AIN: 16671; OB No.: 1; Accountabilities: Direct: Dechen Wangdi, BOD, CID No.: 11513002337; Supervisory: Sithar Dorji, Vice President, CID No.: 11306002455)*

3.8.6. RENEW SECRETARIAT

During the year, the RAA had issued one audit report of the RENEW Secretariat. There were 6 observations amounting to Nu. 6.383 million of which observations amounting to Nu. 0.473 million were either resolved as of 31 January 2021 or did not qualify for inclusion in AAR 2020.

The significant unresolved irregularities amounted to Nu. 5.910 million as summarised below:

Category Code	Category Description	Nu. in million
3	Mismanagement	2.281
4	Non-compliance to laws and rules	1.449
5	Shortfalls, lapses and deficiencies	2.180
	Total	5.910

3. MISMANAGEMENT – NU. 2.281 MILLION

The cases of mismanagement involving Nu. 2.281 million are as indicated below:

Sl. No.	Observation in rief	Nu. in million
3.1	Unpaid dues	1.425
3.2	Unnecessary cash withdrawal	0.856
	Total	2.281

3.1. UNPAID DUES - NU. 1.425 MILLION

The RENEW management had not paid dues amounting to Nu. 1.425 million to Kuensel Corporation and Bhutan Broadcasting Services on account of airing of advertisements and publications related to Projects. *(AIN: 16920; OB No: 2; Accountabilities: Direct: Sherub Gyeltshen, Accounts Assistant, EID No.: 2107080; Supervisory: Tandin Wangmo, Former Executive Director, CID No.: 11410001702 & Meenakshi, Project Manager, CID No.: 11410008754)*

3.2. UNNECESSARY CASH WITHDRAWAL - NU. 0.856 MILLION

The RENEW's former assistant finance officer had withdrawn Nu. 0.856 million from the Australia Himalaya Scholarship Fund. The fund withdrawn was neither used for scholarship payment nor for scholarship related activities. However, the amount of Nu. 0.472 million and Nu. 0.384 million were recovered after the lapse of 183 days and 549 days respectively. The lapses had occurred due to inadequate internal controls, monitoring and supervision over the fund management. *(AIN: 16920; OB No: 5; Accountabilities: Direct: Kezang Dorji, Assistant Finance Officer, CID No.: 10905002799; Supervisory: Tandin Wangmo, Former Executive Director, CID No.: 11410001702 & Sherub Gyeltshen, Accounts Assistant, EID No.: 2107080)*

4. NON-COMPLIANCE TO LAWS & RULES – NU. 1.449 MILLION

The case of non-compliance to laws & rules involving Nu. 1.449 million is as indicated below:

4.1. DIVERSION OF PROJECT FUND - NU. 1.449 MILLION

The RENEW had used Nu. 1.449 million from the Gawaling Project fund that was budgeted for Plantation of Horticulture project to compensate the expenses incurred for the RENEW delegation to attend the Nairobi Summit on International Conference for Population and Development through UNFPA funding. The UNFPA office refunded Nu. 2.655 million only as against total expenses of Nu. 4.149 million incurred thereby resulting in diversion of fund to the tune of Nu. 1.449 million. *(AIN: 16920; OB No: 3; Accountabilities: Direct: Sherab Gyeltshen,*

Accounts Assistant, EID No.: 2107080; Supervisory: Tandin Wangmo, Former Executive Director, CID No.: 11410001702 & Tshering Dolkar, Interim Executive Director, CID No.: 11301001517)

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 2.180 MILLION

The case of shortfalls, lapses and deficiencies involving Nu. 2.180 million is as indicated below:

5.1. EXCESS ACCUMULATION OF PRIOR YEAR ADVANCES - NU. 2.180 MILLION

The RENEW had unadjusted advance amounting to Nu. 2.180 million from the programme on “Gender, Equity, Empowerment and Children” for the period 2014 to 2018 in joint association with UNFPA. However, the advances remained unadjusted though the activities were implemented. *(AIN: 16920; OB No: 1; Accountabilities: Direct: Sherab Gyeltshen, Accounts Assistant, EID No.: 2107080 & Bal Krishna Sharma, Accounts Assistant, EID No.: 8604176; Supervisory: Tandin Wangmo, Former Executive Director, CID No.: 11410001702)*

3.8.7. SAMPHELLING MEDAY GONOR GONGPHEL DETSHEN, CHHUKHA

During the year, the RAA had issued one audit report of the Samphelling Meday Gonor Gongphel Detshen (SMGGD), Chhukha. There were 16 observations amounting to Nu. 11.363 million of which observations amounting to Nu.3.733 million were either resolved as of 31 January 2021 or did not qualify for inclusion in AAR 2020.

The significant unresolved irregularities amounted to Nu. 7.590 million as summarized below:

Category Code	Category Description	Nu. in million
2	Embezzlement	1.061
4	Non-compliance to laws and rules	0.201
5	Shortfalls, lapses and deficiencies	6.328
	Total	7.590

2. EMBEZZLEMENT

The cases with elements of embezzlement involving Nu. 1.061 million is as indicated below:

2.1 NON-ACCOUNTAL OF SALES PROCEEDS – NU.1.061 MILLION

The Samphelling Meday Gonor Gongphel Tshogpa (SMGGD) had not accounted Nu.1.061 million of sale proceeds generated on account of sale of dairy products from September 2018 to November 2019. Against the total sales of Nu. 19.681 million, only Nu. 18.625 million was recorded in the cash book. Further, there were cases of missing bills and money receipts. The lapses had occurred due to inadequate monitoring, supervision and lack of communication between the management and the seller. *(AIN: 16824; OB No.:1.2; Accountabilities: Direct: Birkha Bdr Rai, Chairman, CID No. 10201000977; Supervisory: Mani Kumar Rai, Gup, CID No. 10201001106)*

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 0.201 MILLION

The cases of non-compliance to laws and rules involving Nu. 0.201 million is as indicated below:

4.1 EXCESS PAYMENT DUE TO INADEQUATE VERIFICATION – NU. 0.201 MILLION

The SMGGD had made excess payment amounting to Nu. 0.201 million to M/s Rinchen Wangchuk Trading. The excess payment had occurred due to differences in the accounts maintained by the SMGGD and the agent. The difference of 94.34 metric tons spent grain was noted with resultant excess payment. (AIN: 16824; OB No.:2; Accountabilities: Direct: Birkha Bdr Rai, Chairman, CID No. 10201000977; Supervisory: Mani Kumar Rai, Gup, CID No. 10201001106)

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 6.328 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 6.328 million are as indicated below:

Sl. No.	Observation in Brief	Nu. in million
5.1	Outstanding payments to members	1.583
5.2	Short recovery	0.255
5.3	Cash shortages	3.773
5.4	Payments cleared by Chairman	0.717
	Total	6.328

5.1 OUTSTANDING ADVANCE – NU. 1.583 MILLION

The SMGGD had Nu. 1.583 million payable to milk suppliers and drivers transporting milk. The pending settlements of dues to milk suppliers and drivers transporting milk had occurred due to lack of maintenance of proper books of accounts exacerbated by lack of budgeting and forecasting of revenue and expenses. (AIN: 16824; OB No.:6; Accountabilities: Direct: Birkha Bdr Rai, Chairman, CID No. 10201000977; Supervisory: Mani Kumar Rai, Gup, CID No. 10201001106; Purna Mahat, ES, EID No. 20170108040)

5.2 SHORT RECOVERY – NU. 0.255 MILLION

The SMGGD had short-recovered Nu. 0.255 million from M/s Rinchen Wangchuk Trading on account of supply of Super grain. A sum of Nu. 3.024 million was paid for the supply of Super grain against which Nu. 2.770 million only was recovered leaving a balance of Nu.0.255 million. (AIN: 16824; OB No.:7; Accountabilities: Direct: Phub Tshering, Accountant, CID No. 11309000369; Supervisory: Birkha Bdr Rai, Chairman, CID No. 10201000977)

5.3 CASH SHORTAGES – NU. 3.773 MILLION

The SMGGD had shortages of cash and bank closing balances amounting to Nu. 3.384 million and Nu. 0.389 million respectively as at 31 August 2018. The shortage aggregated to Nu. 3.773 million. This had occurred mainly due to incompetent office bearers as well as sheer negligence of the Accountants, Chairman and the Secretary. Further, periodic reconciliation of cash and bank were not carried out. (AIN: 16824; OB No.:10; Accountabilities: Direct: Nidup Dorji, Secretary, CID No. 11111001154; Phub Tshering, Accountant, CID No. 11309000369; Supervisory: Birkha Bdr Rai, Chairman, CID No. 10201000977)

5.4 PAYMENTS CLEARED BY CHAIRMAN – NU. 0.717 MILLION

The Chairman of SMGGD had personally cleared the outstanding dues amounting to Nu. 0.717 million on account of purchase of Spent Grain. The amount was directly paid by the Chairman owing to the fact that SMGGD was running short of cash to meet the short term obligations. (AIN: 16824; OB No.:11; Accountabilities: Direct: Birkha Bdr Rai, Chairman, CID No. 10201000977; Supervisory: Birkha Bdr Rai, Chairman, CID No. 10201000977)

3.8.8. TARAYANA

During the year, the RAA had issued one audit report of the Tarayana Foundation. There was one observations amounting to Nu. 0.314 million which was partially resolved as of 31 January 2021 leaving a balace of Nu. 0.214 million.

The significant unresolved irregularities amounted to Nu. 0.214 million as summarised below:

Category Code	Category Description	Nu. in million
4	Non-compliance to laws and rules	0.214
	Total	0.214

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 0.214 MILLION

The cases of non-compliance to laws and rules involving Nu.0.214 million is as indicated below:

4.1. ACCEPTANCE OF HIGHER RATES RESUTING IN EXCESS PAYMENT - NU.0.214 MILLION

The Tarayana Foundation had made excess payment of Nu. 0.214 million to M/s Woezer Enterprise in the supply of project materials. The lapses occurred due to acceptance of higher rates for the same materials for the project by the management. (AIN: 16887; OB No: 1; Accountabilities: Direct: Pema Lhendrup, Administrative & Procurement Officer, CID No: 11602001396; Supervisory: Pema Lhendrup, Administrative & Procurement Officer, CID No: 11602001396)

3.8.9. UGYEN PEMA ZANGDO PELRI CHHOETSHOK

During the year, the RAA had issued one audit report of the Ugyen Pema Zangdo Pelri Chhoetshok (UPZPC). There were five observations amounting to Nu. 2.110 million of which no observations were resolved as of 31 January 2021 and no observations were disqualified from inclusion in AAR 2020.

The significant unresolved irregularities amounted to Nu. 2.110 million as summarised below:

Category Code	Category Description	Nu. in million
4	Non-compliance to Laws and rules	2.110
	Total	2.110

4. NON-COMPLIANCE TO LAWS AND RULES – NU.2.110 MILLION

The cases of non-compliance to laws and rules involving Nu. 2.110 million is as indicated below:

4.1. NON-MAINTENANCE OF SUPPORTING DOCUMENTS - NU. 2.110 MILLION

The Ugyen Pema Zangdo Pelri Chhoetshok had withdrawn Nu. 2.110 million from the bank. However, no supporting documents were maintained evidencing the subsequent expenditure incurred. The lapses occurred due to lack of proper policy guidelines regarding the requirement of documentation and usage of fund. *(AIN: 16446; OB No: 1; Accountabilities: Direct: Jambay Lhendup, CID No: 10104001032; Supervisory: Sonam Rinchen, Principal, CID No: 10601004084)*

CHAPTER 4

4. AUDIT REPORT ON JOINT AUDITS OF HYDROPOWER PROJECTS

The RAA had undertaken one Joint Audit of Hydro Power Projects of Mangdechhu Hydro-Electric Project during 2020. The audits was conducted as per the Standard Operating Procedures signed between the RAA and the Comptroller and Auditor General of India and the Projects Agreement signed between the Royal Government of Bhutan and the Government of India.

The AAR 2020 includes only the unresolved significant audit observations of Mangdechhu Hydro-Electric Project Authority.

4.1. MANGDECHHU HYDRO-ELECTRIC PROJECT

During the year, the RAA had issued one audit report of the Mangdechhu Hydro-Electric Project (MHEP). There were six observations amounting to Nu. 85.989 million of which observations amounting to Nu. 79.61 million were either resolved as of 31 January 2021 or did not qualify for inclusion in the AAR 2020.

The significant unresolved irregularities reflected in the AAR 2020 amounted to Nu. 6.379 million as summarised below:

Category Code	Category Description	Nu. in million
4	Non-compliance to laws and rules	4.293
5	Shortfalls, lapses and deficiencies	2.086
	Total	6.379

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 4.293 MILLION

The cases of non-compliance to laws and rules involving Nu. **4.293** million are as indicated below:

Sl. No.	Observation in Brief	Nu.in million
4.1	Delay in construction of memorial monuments and liquidated damages thereof	0.391
4.2	Non-submission of performance security by the contractor	3.902
	Total	4.293

4.1. DELAY IN CONSTRUCTION OF MEMORIAL MONUMENTS, CHORTEN AND ENTRANCE GATE AT POWER HOUSE AND APPLICABLE LIQUIDATED DAMAGES - NU. 0.391 MILLION

The Construction of Memorial Monuments, Chorten and Entrance Gate for MAT &VT (landscaping works, Package – I) at Power House was not completed on time by M/s Jigme Dorji Construction, Lhuentse even after time extension of 126 granted by MHPA management. It was observed that the work was not completed despite a lapse of 5 months from the date of extended contract period for which the management should review the rationality of the delay and enforce applicable liquidated damages of Nu. 0.391 million as necessary. *(AIN 16904; Para 1; Direct Accountability: Tan Dorji, Executive Engineer EID 801, CID 10802001537; Supervisory Accountability: A.K. Mishra, Managing Director, WPN 1717030021031673)*

4.2. NON-SUBMISSION OF PERFORMANCE SECURITY BY THE CONTRACTOR AS PER TERMS AND CONDITIONS - NU. 2.825 MILLION

The contractor M/s Jai Prakash Associates Limited, Tashidingkha, Trongsa has not submitted the performance guarantee equivalent to 5% of the work order amounting Nu. 3.902 million as per terms and condition of the contract. Although Performance Security amounting to Nu. 1.076 million had been recovered from the 10th running bill, the balance amount of Nu. 2.825 million had not yet been received. The work for Architectural finishing of MAT and other Tunnels of the Power House, Landscaping works (Package-III) was awarded to the contractor at the work order amount of Nu. 78.040 million. *(AIN 16904; Para 4; Direct Accountability: Wangdi, Assistant Executive Engineer (Civil) EID 830, CID 11608002033; Supervisory Accountability: A.K. Mishra, Managing Director, WPN 1717030021031673)*

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 2.085 MILLION

The case of shortfalls, lapses and deficiencies involving Nu. 2.085 million are as indicated below:

5.1. PAYMENT ON ACCOUNT OF ANNUAL STATUTORY CONTRIBUTIONS OF DEPUTATIONIST FROM NHPC – NU. 2.085 MILLION

The MHPA management had remitted employees benefits amounting to Nu. 2.086 million on account of Gratuity, REHS, EFP inspection charges, EDLI Group Insurance, contribution towards insurance of CAR and HBA to various employees posted at MHPA on deputation. The Terms of References for appointment of deputationist doesn't cover payment of gratuity and other retirement benefits on completion of their tenure. In absence of the provision for remittance of gratuity and other retirement benefits for the duration of their service in the project, the payment stands inadmissible. *(AIN 16904; Para 2; Direct Accountability: Kuenzang Pemo, EID 2684, CID 11303003043; Supervisory Accountability: AK Mishra, Managing Director, WPN 1717030021031673; Sonam Wangdi, Chief Finance Officer, EID 9811021, CID 10607000762)*

5. PERFORMANCE AUDIT REPORTS

During the year 2020, the RAA had published two Performance Audit Reports as follows:

5.1. PERFORMANCE AUDIT ON IMPLEMENTATION AND MANAGEMENT OF BROADBAND FIBER NETWORK

The performance audit on Implementation and Management of Broadband Fiber Network was conducted with the overall objective to assess the economy, efficiency and effectiveness in the implementation and management of national broadband fiber network. The audit scope was limited to the National Broadband Masterplan Implementation Project (NBMIP) and management of national broadband fiber network overseen by the Department of Information Technology and Telecom (DITT) and executed by Bhutan Power Corporation (BPCL) for the period FY 2008-2009 till 2017-2018. The audit report contains twelve major shortcomings further bifurcated to nineteen areas of lapses and deficiencies. The audit provided five recommendations to help curb the shortcomings and improve the Broadband Fiber Network management and implementation.

5.2. PERFORMANCE AUDIT ON EX-COUNTRY TRAVELS

The performance audit on Ex-country Travels was conducted to ascertain whether the government agencies had exercised financial prudence in executing the travels, especially for short-term trainings (STT) and whether mechanisms were in place to evaluate the impact and outcomes of STT to ensure gainful returns from such investments. The audit report contains eight findings for which six recommendations were provided to ensure effective and efficient STT programmes. The findings highlighted the nomination, selection, approval, and other lapses in conduct of ex-country travels. The recommendations aimed at instituting appropriate monitoring and control mechanisms to strengthen the system of executing STTs for civil servants.

CHAPTER 6

6. OTHER MATTERS

6.1. AUDIT ISSUES UNDER ARBITRATION

With the establishment of Bhutan Alternative Dispute Resolution Centre, the contractors have increasingly resorted to taking audit issues for arbitration. As per the records maintained by the RAA, three cases involving audit observations were taken for arbitration during the year.

6.2. AUDIT ISSUES REMAINING UNRESOLVED AFTER COURT VERDICTS

Eight audit issues have remained unresolved even after the issue of verdict by the Royal Court of Justice.

6.3. AUDIT ISSUES FORWARDED TO ACC

In line with Section 34(7) of the Audit Act of Bhutan 2018, the RAA forwarded nine cases from reports issued in 2020 that indicated existence of fraud and corruption to the Anti-Corruption Commission (ACC).

6.4. PENDING ISSUES WITHOUT RESPONSES

During the period, there were 55 issues without response from the audited Agencies even after serving the Action Taken Reminder.

6.5. ISSUES RECEIVED FROM ACC

During the period, 12 cases were received from the ACC for review and verification.

CHAPTER 7

7. RECOMMENDATIONS

7.1. LOCAL GOVERNMENTS SHOULD ENSURE PROPER VERIFICATION OF EXPENSES TO ENSURE JUDICIOUS USE OF RESOURCES AND REDUCE EMBEZZLEMENT AND FRAUD CASES

Irregularities in managing expenditures often arise from inadequacies in processing of payment and is generally rendered vulnerable for injudicious expenditure in the form of excess, over and double payments for services or goods delivered to the agencies. These are increasingly common in local governments as reported during the year. These loopholes in the expenditure management slacken control over expenditure and exposes to the risk of perpetrating fraudulent practices and unscrupulous acts to derive undue benefits at the cost of the government.

The framework for internal control system prescribes minimum processes to be completed preceding the actual payment to ensure that goods and services are delivered as per the contract or terms of engagement. However, when such processes are lax, there is often a tendency to overlook critical risks of embezzlement and fraud.

In order to ensure that necessary procedures of making payment for goods and services procured as defined by National Internal Control framework are complied with, the agencies must review its internal controls in making expenditure on behalf of government. The existence and implementation of such controls should be continuously monitored to ensure that the public resources are spent for the purposes intended, and that the agencies obtain value of money by upholding the principles of sound financial management and public procurement. The Ministry of Finance should put in place the requirement for agencies to continuously monitor the existence and effectiveness of process of verification of expenditure specifically in the procurement of goods, works and services.

7.2 FINANCIAL INSTITUTIONS SHOULD ENFORCE STRONG LOAN APPRAISAL AND FOLLOW UP SYSTEM TO MINIMIZE CREDIT DELIQUENCIES AND NON PERFORMING LOANS.

Instances of Non-Performing Loans (NPL) are common features across financial institutions in the country. The increasing volume of NPL risk the banks of deteriorating the quality of its assets and the impending loss that the banks have to bear if it turns out to be bad debts. The common causes of defaults are inability of borrowers to honour the repayment obligations as per the terms of loans. Most often the loan delinquency is fueled either by financial incapacity or high propensity of borrowers to avoid obligations due to lax follow up measures enforced by the banks.

While the banks are guided by their respective Credit Manuals or Guidelines in appraisal, approval and recovery of loans, the extent of rigorosity exercised in appraisal of credit is questionable as most of defaults arise from financial incapacity of borrowers. There could be possibility of fudging the credit worthiness of clients by circumventing critical requirements in appraising and scrutinizing the clients' applications. There is a need to review existing norms and procedures applied in appraising credit worthiness and monitor its enforcement on a regular basis. Further, the banks also need to reinforce its follow up mechanisms and rigorously monitor the recoveries. The cases of NPL must be pursued as per the actions prescribed by respective credit manuals and guidelines and relevant penal clauses invoked or legal measures/recourse initiated.

7.3. IMPLEMENTING AGENCIES SHOULD STRICTLY ENFORCE APPLICABLE LIQUIDATED DAMAGE CLAUSE FOR PROCUREMENT OF WORKS AND GOODS.

One of the persisting problems reported in the Annual Audit Reports over the years is the failure to impose liquidated damages on parties for breach of contract specifically failing to complete works or supply goods and services within stipulated time. Although the contract agreements invariably include clause on Liquidated Damages, agencies generally hold back in enforcing and invoking the compensatory clause for various reasons.

Liquidated damages in the context of public procurement is safeguard provisioned against damages that may result from breach of contract and quantum of damages are agreed between the procuring agencies and the contracting parties within the limits specified in the Standard Bidding Documents. For the public institutions having a range of mandates for delivery of services, such compensation for probable damages caused by breach of contract is deemed necessary to ensure that intended benefits are not deferred beyond stipulated timeframe. In most cases, such issues are prevalent in construction projects and procurement of goods wherein deliverables are not achieved within agreed timeframe and thus, triggering liquidated damages clauses.

As the issues of not invoking the clauses of liquidated damages persist on a continual basis, there is a need for central authorities such as Government Procurement and Property Management Division under Department of National Properties to institute monitoring systems and require procuring agencies to consistently enforce the clauses on liquidated damages.

7.4. MINISTRY OF FINANCE SHOULD ENSURE THAT ACCOUNTS OF BUDGETARY AGENCIES ARE PROPERLY RECONCILED AT THE CLOSE OF FINANCIAL YEAR

The RAA noted numerous cases of non-reconciliation of accounts pending settlement and adjustment of transactions pertaining to multiple prior years. These have had impact on successive accounts balances and differences which remain untraced and unidentified leading to distortion of figures and balances of the current financial years. The RAA had raised such issues repeatedly in the past years and have suggested agencies to resolve the difference in consultation with the Department of Public Accounts. Unless the past differences are resolved, the issue will be not be resolved and the unreconciled figures will only continue to accumulate. The inaction on the part of agencies only lead to distortion of reported figures and it is technically incorrect to certify the accounts pending rectification of accounts pertaining to previous financial years.

Therefore, the Ministry of Finance should undertake exercise to resolve the issue in consultation with the budgetary agencies and review, rectify and validate differences that have cascaded from transactions relating to past years.

Adjustment of advances and reconciliation of financial statements is an important task for the finance and accounts personnel. It ensures that all funds can be appropriately traced, all expenses are genuine and legitimate and there are no errors in accounting or booking of expenses. However, it is evident from observations throughout the implementing agencies that such practices are few and far between. It is also commonly observed that agencies sometimes have advances unadjusted and reconciliation pending for more than one Financial Year.

Finance and Accounts Personnel should, therefore, ensure that timely reconciliation of the financial statements are carried out and advances adjusted or settled as required in FRR. This will also help the RAA in conducting audits faster besides certification of the financial statements.

7.5. AGENCIES SHOULD CARRY OUT EXTENSIVE MONITORING AND SUPERVISION DURING CONSTRUCTION AND HANDING-TAKING TO AVOID EXCESS PAYMENT AND ACCEPTANCE OF DEFECTIVE WORKS

Supervision and monitoring is vital aspect of ensuring desired quality of constructions. Most of the issues reported pertain to compromise of quality by way of acceptance of defective works, provision of inferior quality of materials, poor workmanship, deviations from designs and drawings etc. Such compromises undermine the very quality and sustainability of the infrastructures created and lead to waste of public resources. With significant portion of nation's resources invested in building of infrastructures, it is only logical that the quantum of such waste at the national level can be also proportionately significant.

Besides, the observed cases of extra payments made to the parties by way of excess, double, inadmissible and avoidable payments are direct loss to the government. These only indicate that the government did not achieve value for money in the acquisition of capital assets.

These problems can be attributed to inefficient or non-existence of quality management procedures in the procuring agencies in managing construction projects. Besides failing to attain desirable levels of performance and obtaining value of deliverables commensurate with the cost borne by the government, it creates a direct leakage of public resources traceable to inadequate monitoring and supervision.

All agencies carrying out construction activities should ensure that there is adequate supervision and monitoring to ensure that the government achieves value for money in construction and that necessary prudence and diligence is exercised in verifying claims for the goods and services delivered.

CHAPTER 8

8. PERFORMANCE OF RAA

This section is on overall achievement of the RAA during the financial year 2019-2020. It consists of activities, programs, functions and operations conducted within the year aligned to RAA's Strategic Plan 2015-2020 and the Operational Plan 2015-2020.

8.1. ABOUT RAA

The Royal Audit Authority (RAA) derives its mandate from the Article 25.1 of the Constitution of the Kingdom of Bhutan, which states that "There shall be a Royal Audit Authority to audit and report on the economy, efficiency and effectiveness in the use of public resources." The Article 25.4 of the Constitution further provides that "The RAA shall, without fear, favour or prejudice, audit the accounts of all departments and offices of the Government, including all offices in the Legislature and the Judiciary, all public authorities and bodies administering public funds, the police and the defense forces as well as the revenues, public and other monies received and the advances and reserves of Bhutan".

The current organization structure of RAA consists of the headquarter at Thimphu and four Offices of Assistant Auditor General at Bumthang, Phuntsholing, Samdrupjongkhar and Tsirang. The core function of RAA is to conduct financial, compliance and performance audits of all government budgetary agencies, defence forces, projects, corporations, non-government organizations, associations, and the revenues, public and other monies received, and advances and reserves of Bhutan.

8.1.1. STRATEGIC PLAN 2015-2020

The Strategic Plan 2015-2020 has identified two strategic outcomes and three strategic goals.

Outcomes:

1. Greater audit impact leading to improved accountability, transparency and ethical behavior in the public sector in Bhutan; and
2. Improved public sector performance in National Key Result Areas and Sustainable Development Goals commitments in achieving the Gross National Happiness.

Goals:

- ✚ RAA delivers high quality audits as per international standards, including ISSAIs - **Delivering Quality;**
- ✚ RAA leads by example in being accountable, transparent and ethical organization - **Demonstrating Excellence;** and
- ✚ RAA enjoys strong partnerships and cooperation with key stakeholders - **Fostering Collaboration.**

8.1.2. OPERATIONAL PLAN 2015-2020

The Operational Plan 2015-2020 consists of activities classified under four broad programs:

- i. Audit and Assurance Services;
- ii. Professional Staff Development;
- iii. Institutional and Organizational Systems Development; and

iv. Collaboration with Stakeholders.

The implementation and reporting of the Operational Plan is conducted through annual audit plans.

8.1.3. AUDIT UNIVERSE 2019-2020

The audit universe consists of list of agencies and accounts that encompass government budgetary bodies, projects, corporations, non-government organizations, political parties, religious organizations and civil society organizations that fall under the audit jurisdiction of RAA. The audit agencies are segregated into three priorities and nine categories based on the regulatory requirements and, size and functions of the agencies, which has guided the rationalization and prioritization of annual audit plans.

The audit universe for FY2019-2020 has a total of 995 agencies or accounts. In addition to the financial and compliance audit of these agencies or accounts, the RAA also conduct performance audits on theme based topics.

8.1.4. ANNUAL AUDIT SCHEDULE 2019-2020

The Annual Audit Schedule (AAS) consists of Financial, Compliance and Performance audits planned to be conducted during the year. For the FY 2019-2020, RAA planned to conduct audit of 562 agencies. Based on the experiences gained from past audits and also on current issues and priorities, one audit thrust area and four areas of concern are drawn.

Audit Thrust Area

☞ Construction and Procurement of Goods

Areas of Concern

1. Effectiveness in the use of power tillers and farm machineries distributed in Gewogs;
2. Data migration from PEMS to ePEMS;
3. Managements of Dzongkhag Municipality; and
4. Accounts and Operations of Choethuen *Tshogpas*.

The Audit Thrust Area and Areas of Concern provide focus on issues that require special attention by the auditors during the planning and execution of audits.

8.1.5. IMPLEMENTATION OF OPERATIONAL PLAN

I. AUDITS CONDUCTED

The RAA conducted 510 audits during the year, which comprised of 466 Financial Audits, 42 Compliance Audits, and 2 Performance Audits as shown in **Table 8.1**.

AUDIT TYPE	AUDITS CONDUCTED
Financial Audits	466
Compliance Audits	42
Performance Audits	2
Total	510

Table 8.1: Audits conducted in FY2019-2020

II. AUDIT REPORTS ISSUED

The audit reports are issued within a prescribed time period upon completion of audits. This is to ensure that responsible agencies initiate timely follow-up on issues and recommendations provided in the report.

AUDIT TYPE	REPORTS ISSUED
Financial Audits	456
Compliance Audits	49
Performance Audits	2
Total	507

Table 8.2: Audits Reports issued in FY2019-2020

During the FY 2019-2020, the RAA issued 507 audit reports as shown in the **Table 8.2**.

III. STATUTORY AUDITS

The RAA also issued 44 Statutory Audit Reports pertaining to the Corporations and Financial Institutions. The Chartered Accountant Firms empanelled with the RAA carried out the statutory audit of corporations and financial institutions. As per Section 255 of the Companies Act of Bhutan 2016, the Auditor General is the ex-officio auditor of the government and government controlled companies.

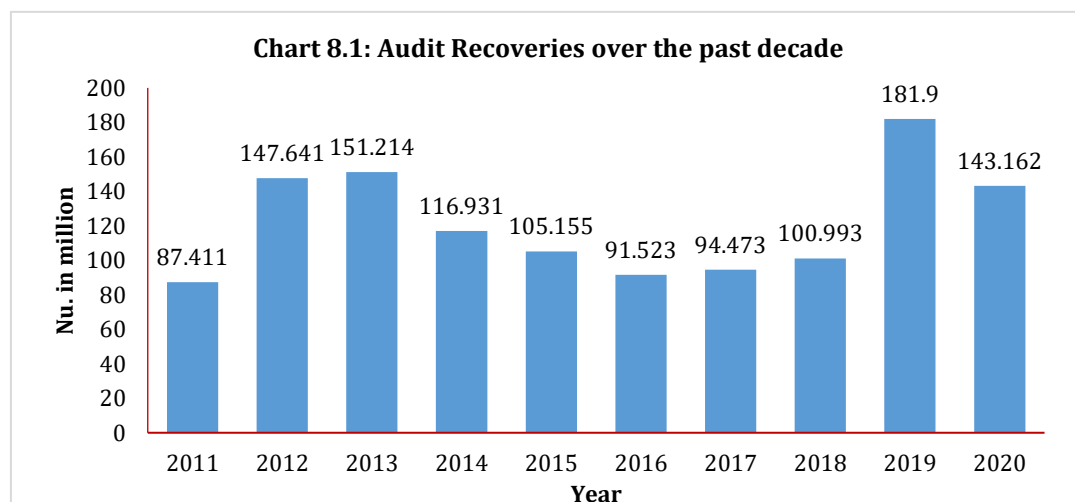
IV. FOLLOW-UP AUDIT REPORTS

In order to ensure that the auditing processes produce appropriate results, and also to expedite settlement of outstanding audit issues, follow-up of audit reports are carried out at various stages and levels. During the FY 2019-2020, the RAA conducted follow-ups of 640 audit reports (FA - 536 & CA - 104).

V. AUDIT RECOVERIES

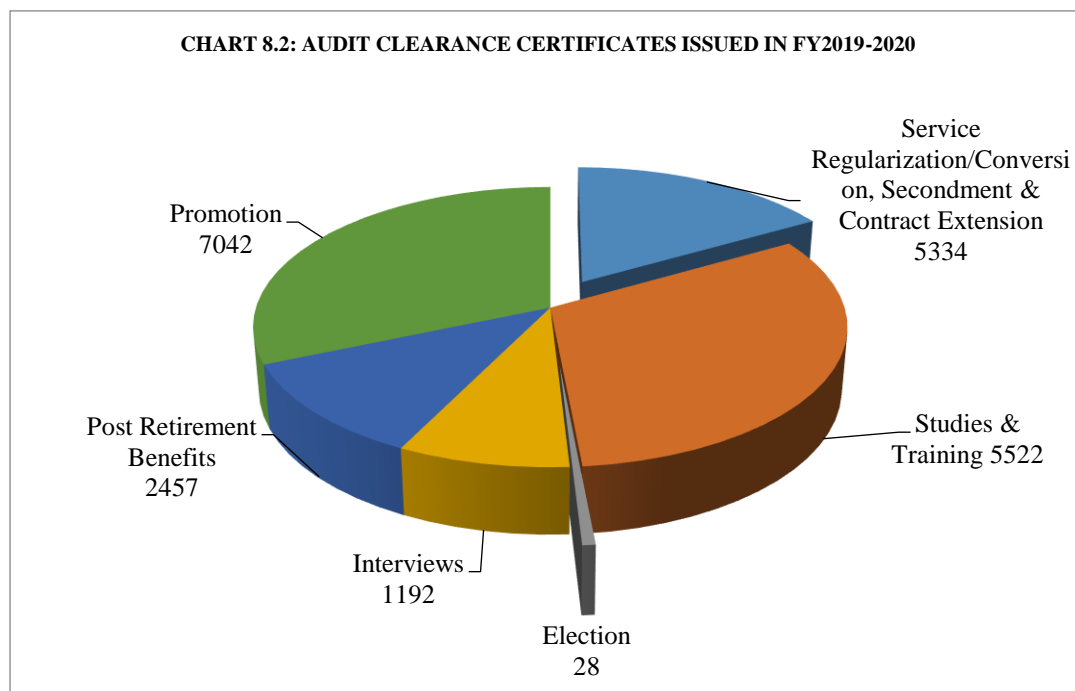
In the year 2020, the RAA made audit recoveries of Nu. 143.162 million which was collected and maintained in the Audit Recoveries Account (ARA) of RAA. The audit recoveries made over the last 10 years are illustrated in **Chart 8.1**.

In addition, a total amount of Nu. 2.380 million was also recovered from Corporations and Financial Institutions which are retained in their respective ARA.



VI. AUDIT CLEARANCE CERTIFICATES

The RAA issued 24152 numbers of Audit Clearance Certificates for various purposes as shown in **Chart 8.2**. The RAA is mandated by the Audit Act of Bhutan 2018 to issue Audit Clearance Certificates to public officials, which serves as an important tool to enhance accountability in the overall governance system by instilling sense of accountability and responsibility.



VII. EXTERNAL AND INTERNAL AUDIT OF RAA

To ensure good internal governance of the RAA, the accounts and operations of the office is audited annually by external and internal audit teams. The accounts and operations of the RAA for the FY 2019-2020 was audited by external national audit firm M/s Menuka Chhetri & Associates. The Auditor's report along with certified Receipts and Payments Statement of the RAA is given in **Exhibit I**. The auditor was appointed by the Public Accounts Committee.

Further, internal audit of its headquarter and four regional offices covering financial year 2019-2020 was also conducted by an internal audit team. As mandated by the Audit Act 2018, the internal audit team was formed by the Audit Committee of RAA.

8.2. INSTITUTIONAL LINKAGES

8.2.1. NATIONAL LEVEL

I. PARLIAMENT

The RAA tabled the Annual Audit Report (AAR) 2019 and five Performance Audit Reports during the 3rd and the continuation of the 3rd Session of the Third Parliament. In addition, the

RAA also submitted review reports of AAR 2018, AAR 2010 to 2017, and review reports of fifteen Performance Audits to the Parliament.

A total of seven consultative meetings were conducted with the Public Accounts Committee of the Parliament to discuss on performance audit reports, which was also attended by representatives from relevant agencies.

II. CONSTITUTIONAL BODIES

The RAA continuously engages with the other constitutional offices through coordination and bilateral meetings to pursue the matters of mutual interests.

8.2.2. INTERNATIONAL LEVEL

A. INTERNATIONAL RELATIONS, COLLABORATION AND PARTICIPATION

During the year, the RAA participated in international events and meetings virtually. The RAA attended INTOSAI Working Group meetings on Environmental Audit, IT Audit, Public Debt and Big Data. The RAA also participated virtually in INTOSAI Development Initiatives (IDI) & ASOSAI seminars on the themes 'COVID-19 and SAIs' response' and 'Sustainable Development Goals and its implementations' along with other peer Supreme Audit Institutions. Other participations include meetings of the Forum for International Professional Pronouncement (FIPP) and for the SAI's Strategy, Performance Management and Reporting (SPMR).

8.3. ANNUAL BUDGET OUTLAY 2019-2020

For FY 2019-2020, a total budget of Nu. 248.69 million was approved for the RAA, of which the current budget was Nu. 205.222 million and capital budget was Nu. 43.468 million. Against the approved budget, RAA has utilized Nu. 223.956 million (Current - Nu. 199.639 million and Capital - Nu. 24.317 million), which is 90.05% financial achievement.

8.4. HUMAN RESOURCE MANAGEMENT AND DEVELOPMENT

In the year 2020, 12 new employees were recruited. Of the total recruitment, 11 were recruited as regular employees and one on consolidated contract. A total of six employees have left RAA on voluntary resignation.

Capacity development is accorded high priority in the RAA's Strategic Plan and accordingly it pursues continuous delivery of training to the auditors. In the year 2020, the RAA conducted five in-house training, six in-country training, five workshops, six ex-country trainings and 14 workshops, meetings and seminars. A total of eight employees are currently pursuing further studies in various institutes.

EXHIBIT I: AUDITORS' REPORT ON THE AUDIT OF ACCOUNTS AND OPERATIONS OF THE ROYAL
AUDIT AUTHORITY FOR THE FISCAL YEAR ENDED 30 JUNE 2020



མེནུག་ཆེ་ཏི་ལྷན་ཁུངས་ལེགས་ཤོད་

Menuka Chhetri & ASSOCIATES

INDEPENDENT AUDITOR'S REPORT

**AUDITORS' REPORT OF THE ROYAL AUDIT AUTHORITY FOR THE
FINANCIAL YEAR ENDED 30TH JUNE, 2020**

Opinion

We have audited the accompanying financial statement of Royal Audit Authority (RAA) which comprise Receipts and Payments Statement (LC Account No. LC-110.01) and schedule forming part of financial statement for the year ended 30th June, 2020.

In our opinion, the financial statements are prepared, in all material respects, in accordance with the Financial Rules and Regulations 2016.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of Financial Statement* section of our report. We are independent of the RAA in accordance with the ethical requirements that are relevant to our audit of the financial statements in Bhutan, and we have fulfilled our other responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

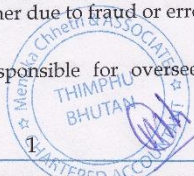
Other Matter

We have audited the accounts of RAA maintained at the Head Office, Thimphu and Regional Office at Tsirang and relied on the returns received from other three Regional Offices at Phuentsholing, Samdrup Jongkhar and Bumthang which have been found to be adequate for the purposes of consolidation and preparation of financial statement.

**Responsibilities of Management and Those Charged with Governance for the
Financial Statements**

Management is responsible for preparation of the financial statements in accordance with the Financial Rules and Regulations 2016 and for such internal control inline as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for overseeing the RAA's financial reporting process



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Mobile no. 17588698/17340213/ 17814147, Fixed Line No. 02 330339

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Financial Statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the planning and performance of the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in circumstances, but not for the purpose of expressing an opinion on the effectiveness of the RAA's internal control.

We communicated with the management, among others, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during the audit.

For Menuka Chhetri & ASSOCAITES

Chartered Accountant

Firm Registration No. 331825E

Address: MKTS Building, 5th floor

Opposite Clock Tower, Norzin Lam, Thimphu

Menuka Chhetri
Managing Partner
Membership No: 534365

Place: Thimphu
Date: 07/05/2021



ROYAL AUDIT AUTHORITY
Receipts and Payment Statement
For the year ended 30th June 2020
LC-110.01

(Amt in Nu.)

Sl No	Group/ Board Head of Account	RECEIPTS					TOTAL	PAYMENTS					TOTAL
		T/Phu (HO)	P/ling	S/Jongkhar	Tsirang	Bumthang		T/Phu (HO)	P/ling	S/Jongkhar	Tsirang	Bumthang	
1	Opening Balance												
	a. Cash	-	-	-	62,468.00	18,521.88	80,989.88						
	b. Bank	-	-	-	-	-	-						
2	Release:												
	a. Budgetary	121,880,998.84	16,013,000.00	17,785,000.00	41,120,000.00	27,300,000.00	224,098,998.84						
	b. Non- Revenue	-	-	-	-	-	-						
	c. Refundable Deposit	2,001,285.00	-	-	2,226,783.00	-	4,228,068.00						
	d. Un-cashed Cheque	204,000.00	-	-	-	-	204,000.00						
3	Grants in-Kind	-	-	-	-	-	-						
4	Borrowing in-Kind	-	-	-	-	-	-						
5	Revenue Receipts/ Remittance:	6,090,806.83	756,491.00	945,993.00	1,055,717.00	714,031.00	9,563,038.83	6,090,806.83	756,491.00	945,993.00	1,055,717.00	714,031.00	9,563,038.83
6	Other Recoveries/ Remittance:						-						
	a. GPF: Employee Contribution	5,230,196.00	693,022.00	740,723.00	1,140,409.00	854,298.00	8,658,648.00	5,230,196.00	693,022.00	740,723.00	1,140,409.00	854,298.00	8,658,648.00
	b. Govt. Insurance Scheme	680,400.00	100,800.00	102,300.00	164,900.00	123,500.00	1,171,900.00	680,400.00	100,800.00	102,300.00	164,900.00	123,500.00	1,171,900.00
	c. Other Insurance Premium	129,267.00	21,264.00	20,080.00	35,754.00	16,945.00	223,310.00	129,267.00	21,264.00	20,080.00	35,754.00	16,945.00	223,310.00
	d. Loan from Fin. Instts.	858,535.00	129,826.00	198,850.00	263,005.00	261,646.00	1,711,862.00	858,535.00	129,826.00	198,850.00	263,005.00	261,646.00	1,711,862.00
	e. Other	1,945,962.80	53,000.00	59,900.00	131,600.00	515,613.00	2,706,075.80	1,945,962.80	53,000.00	59,900.00	131,600.00	515,613.00	2,706,075.80
7	Personal Advance:	8,427,642.00	329,000.00	2,916,600.00	5,900,666.00	2,928,929.00	20,502,837.00	8,406,597.00	329,000.00	2,916,600.00	5,900,666.00	3,085,500.00	20,638,363.00
8	Miscellaneous Receipts/ Payment						-						
	a. Non-Revenue A/c Deposit	-	-	-	-	-	-	-	-	-	-	-	-
	b. Refundable Deposit A/c Deposit	-	-	-	-	-	-	-	-	-	3,012,589.00	-	3,012,589.00
	c. Payment to DPA	-	-	-	-	-	-	394,730.88	-	-	62,468.00	18,521.88	475,720.76
	d. Others	204,000.00	-	-	-	-	204,000.00	204,000.00	-	-	-	-	204,000.00
9	Suspense:												
	a. Stock	-	-	-	-	-	-	-	-	-	-	-	-
	b. Purchase	-	-	-	-	-	-	-	-	-	-	-	-
	c. PW Advances	6,983,035.71	1,869,316.30	49,315.00	5,605,280.00	769,888.80	15,276,835.81	1,316,873.00	1,869,316.30	49,315.00	5,605,280.00	6,048,699.00	14,889,483.30
	d. Intra-Agency Assignment	-	-	-	-	-	-	-	-	-	-	-	-

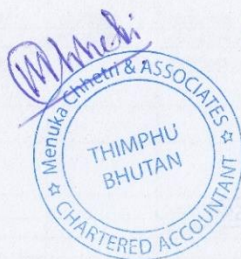
	e. Deposit Work	-	-	-	-	-	-	-	-	-	-	-	-
	f. Other Deposit	-	-	-	4,369,985.00	-	4,369,985.00	2,001,285.00	-	-	3,584,179.00	-	5,585,464.00
	Budgetary Expenditure:												
	a. Current	-	-	-	-	-	116,700,609.70	15,973,626.05	17,777,870.61	28,525,519.00	20,661,751.42	199,639,376.78	
	b. Capital	-	-	-	-	-	5,666,600.58	-	-	12,567,749.50	650,790.00	18,885,140.08	
	c. Lending	-	-	-	-	-	-	-	-	-	-	-	
	d. Repayment	-	-	-	-	-	-	-	-	-	-	-	
	Closing Balance:												
	a. Cash	-	-	-	-	-	-	1,514.00	1,215.00	-	41,008.00	43,737.00	
	b. Bank	-	-	-	-	-	5,010,265.39	37,859.95	5,914.39	26,731.50	511,069.38	5,591,840.61	
10													
11													
	Total	154,636,129.18	19,965,719.30	22,818,761.00	62,076,567.00	33,503,372.68	293,000,549.16	154,636,129.18	19,965,719.30	22,818,761.00	62,076,567.00	33,503,372.68	293,000,549.16

M/s Menuka Chhetri & ASSOCIATES

Chartered Accountant
FRN: 331825E

Menuka Chhetri
Managing Partner
Membership No. 534365

Date: Thimphu
Place: 07/05/2021



Tempa Gyeltshen
Offg. Asst. Auditor General
Adm. & Finance Division

Ugyen Dorji
Deputy Auditor General
Directorate of Services
Deputy Auditor General
Directorate of Services
Royal Audit Authority