



REVIEW REPORT OF ANNUAL AUDIT REPORT 2010

(Status as on 31 March 2022)

ROYAL AUDIT AUTHORITY

PART-I Summary of Review Report of AAR 2010

The Royal Audit Authority had submitted the review report of Annual Audit Report 2010 to the 6th Session of the Third Parliament in October 2021. The Review Report had significant unsettled irregularities of Nu.2.496 million. The RAA had conducted numerous follow-ups at various levels in line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, however, the irregularities remained unresolved as of 31 March 2022 which are summarized in the table below.

Table: Showing agency wise unsettled irregularities as on 31 March 2022.

Sl. No.	Agency	Unsettled irregularities reported to the Parliament on 30/09/2021 (Nu. in million)	Total amount settled (Nu. in million)	Balance as on 31/03/2022 (Nu. in million)	% settled
1	Ministries	2.391	-	2.391	0
2	Dzongkhags	0.105	-	0.105	0
	Total	2.496	-	2.496	

As transpired from the table above the status of the unresolved issues as on 30 Sept. 2021 reported to the Parliament in October 2021 still remained unresolved as on 31 March 2022. The details are as given below.

PART- II: DETAILED REVIEW REPORT

1. MINISTRIES

1.2 Ministry of Foreign Affairs

The Ministry of Foreign Affairs had unsettled irregularity of Nu.2.391 million reported to the Parliament in October 2021 and it continue to remain unsettled as on 31 March 2022 as summarized below:

Sl. No.	Category	Unsettled irregularities reported to the Parliament as on 30/09/2021 (Nu. in million)	Amount settled (Nu. in million)	Balance as on 31/03/2022 (Nu. in million)	% settled
1	Fraud Corruption & Embezzlement	2.391	-	2.391	-
	Total	2.391	-	2.391	-

The detailed status of unsettled irregularity as on 30 Sept. 2021 reported to the Parliament in October 2021 which still remained unsettled as on 31 March 2022 is as discussed below:

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

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

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

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

This issue was deliberated during the PAC consultative meeting held on 6 Sept. 2021 in NA conference hall, Thimphu where the MoFA reported that the case against Yeshey Dorji was forwarded to Ministry of Finance for taking necessary administrative action. Further, legal opinions was sought from OAG pertaining to filing of recovery suit against Yeshey Dorji (deceased). It was also stated that recovering of the amount from the family of the deceased was impossible. Further, it was reported that OAG communicated the judgment passed on Chenda Tobgay's case on 15 July 2021 and deadline for the enforcement of the judgement was 28 Oct. 2021. As directed by RAA administrative action against Chenda Tobgay was taken by terminating from service vide termination letter dated 22 July 2021.

It was decided that, this issue will remain status quo until the expiry of the deadlines for the enforcement of judgement passed by the Court. After the expiry of the deadline, MoFA should initiate for enforcement of the judgement and submit an action taken report to RAA accordingly.

However, the case remained unresolved as of 31 March 2022.

2. DZONGKHAGS

2.1 Samtse Dzongkhag

The Dzongkhag Administration, Samtse had unsettled irregularity of Nu.0.105 million reported to the Parliament in October 2021 and it remained unsettled as on 31 March 2022 as summarized below:

Sl. No.	Category	Unsettled irregularities reported to the Parliament as on 30/09/2021 (Nu. in million)	Amount settled (Nu. in million)	Balance as on 31/03/2022 (Nu. in million)	% settled
1	Shortfalls, Lapses & Deficiencies	0.105	-	0.105	
	Total	0.105	-	0.105	

The detailed status of the unsettled irregularity reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 is as discussed below:

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

1.1 Outstanding Advances - Nu. 0.105 million

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

Status: Observation not settled. As per the decision of Public Accounts Committee consultative meeting held at Samtse from 30/09/19 – 2/10/19, it was decided to adjust from his (Mr. Dago Tshering, Ex-LRO of Samtse Dzongkhag) unclaimed NPPF contribution as he was compulsorily retired from

service without benefits. It was further reported the Dzongkhag Administration had discussed the matter with Dago Tshering, Ex-LRO and did not agree for the refund.

The issue remained unresolved as of 31 March 2022.



REVIEW REPORT OF ANNUAL AUDIT REPORT 2011

(Status as on 31 March 2022)

ROYAL AUDIT AUTHORITY

PART-I Summary of Review Report of AAR 2011

The Royal Audit Authority had submitted the review report of Annual Audit Report 2011 to the 6th Session of the Third Parliament in October 2021. The Review Report had significant unsettled irregularities of Nu.189.378 million. The RAA had conducted numerous follow-up at various levels in line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, however, the irregularities remained unresolved as on 31 March 2022.

The agency wise unsettled irregularities reported to the Parliament in October 2021 which remained unresolved as of 31 March 2022 are shown in the table below:

Table: Showing agency-wise unsettled irregularities as on 31 March 2022.

Sl. No.	Agency	Unsettled irregularities reported to the Parliament as on 30/09/2021 (Nu. in million)	Amount settled (Nu. in million)	Balance as on 31/03/2022 (Nu. in million)	% settled
1	Ministries	189.378	-	189.378	-
2	Dzongkhags	-	-	-	-
3	Gewogs	-	-	-	-
	Total Budgetary Agencies	189.378	-	189.378	-

As transpired from the table above the irregularities of Nu. 189.378 million along with other irregularities without involvement of monetary amounts against the Ministry, Dzongkhag and Gewog remained unresolved as of 31 March 2022. The detail review report of the issue are given below.

PART-II: DETAIL REVIEW REPORT

1. MINISTRIES

1.1 Ministry of Foreign Affairs

Out of the total unsettled irregularities of Nu.189.378 million reported to the Parliament in October 2021, the Ministry of Foreign Affairs had not settled any irregularity as on 31 March 2022 as summarized below:

SL No.	Category	Unsettled irregularities reported to the Parliament as on 30/09/2021 (Nu. in million)	Amount settled (Nu. in million)	Balance as on 31/03/2022 (Nu. in million)	% settled
1	Fraud, Corruption & Embezzlement	5.438	-	5.438	-
2	Shortfall, lapses & deficiencies	183.940	-	183.940	-
	Total	189.378		189.378	

The detailed status of irregularities reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 are as discussed below:

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

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

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

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

This issue was deliberated during the PAC consultative meeting held on 6 Sept. 2021 in NA conference hall, Thimphu where the MoFA reported that on 15 July 2021 OAG communicated the judgement passed on Chenda Tobgay's case and deadline for the enforcement of the judgement was 28 Oct. 2021. As directed by RAA administrative action against Chenda Tobgay was taken by terminating from service vide termination letter dated 22 July 2021.

It was decided that, this issue will remain status quo until the expiry of the deadlines for the enforcement of judgement passed by the Court. After the expiry of the deadline, MoFA should initiate for enforcement of the judgement and submit an action taken report to RAA accordingly.

The Ministry reported that as per the judgment enforcement letter, Jangchuk Dorji, Office of the Attorney General is yet to process the provident fund and other entitlements of Chenda Tobay from NPPF as authorised by him.

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

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

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

This issue was deliberated during the PAC consultative meeting held on 6 Sept. 2021 in NA conference hall, Thimphu where the MoFA reported that the case against Yeshey Dorji was forwarded to Ministry of Finance for taking necessary administrative action. Further, legal opinions was sought from OAG pertaining to filing of recovery suit against Yeshey Dorji (deceased). It was also stated that recovering of the amount from the family of the deceased was impossible. Further, it was reported that on 15 July 2021 OAG communicated the judgement passed on Chenda Tobgay's case and deadline for the enforcement of the judgement was 28 Oct. 2021. As directed by RAA administrative action against Chenda Tobgay was taken by terminating from service vide termination letter dated 22 July 2021.

It was decided that, this issue will remain status quo until the expiry of the deadlines for the enforcement of judgement passed by the Court. After the expiry of the deadline, MoFA should initiate for enforcement of the judgement and submit an action taken report to RAA accordingly.

The Ministry reported that as per the judgment enforcement letter, Jangchuk Dorji, Office of the Attorney General is yet to process the provident fund and other entitlements of Chenda Tobay from NPPF as authorised by him.

1.3 Double payment of medical expenses

The Royal Bhutanese Embassy, Bangkok had made double payment of Thai Baht 78,985.00 on account of medical expenses for staff and family members. It was noted that same invoices were paid twice. The case was forwarded to the Anti-Corruption Commission. (AIN: 9764, Para 3; Accountabilities: Direct: YeshiDorji, Finance Officer, EID No. 7801011; Supervisory: ChendaTopgay, Head of Chancery, EID No. 2009054).

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

This issue was deliberated during the PAC consultative meeting held on 6 Sept. 2021 in NA conference hall, Thimphu where the MoFA reported that the case against Yeshey Dorji was forwarded to Ministry of Finance for taking necessary administrative action.

The Ministry reported that as per the judgment enforcement letter, Jangchuk Dorji, Office of the Attorney General is yet to process the provident fund and other entitlements of Chenda Tobay from NPPF as authorised by him.

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

2.1 Outstanding Advances – Nu. 3.849 million

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

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

This issue was deliberated during the PAC consultative meeting held on 6 Sept. 2021 in NA conference hall, Thimphu where the MoFA reported that on 15 July 2021 OAG communicated the judgement passed on Chenda Tobgay's case and deadline for the enforcement of the judgement was 28 Oct. 2021. As directed by RAA administrative action against Chenda Tobgay was taken by terminating from service vide termination letter dated 22 July 2021.

It was decided that, this issue will remain status quo until the expiry of the deadlines for the enforcement of judgement passed by the Court. After the expiry of the deadline, MoFA should initiate for enforcement of the judgement and submit an action taken report to RAA accordingly.

The Ministry reported that as per the judgment enforcement letter, Jangchuk Dorji, Office of the Attorney General is yet to process the provident fund and other entitlements of Chenda Tobay from NPPF as authorised by him.

2.2 Non production of supporting documents – Nu.180.091 million

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

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

This issue was deliberated during the PAC consultative meeting held on 6 Sept. 2021 in NA conference hall, Thimphu where the MoFA reported that on 15 July 2021 OAG communicated the judgement passed on Chenda Tobgay's case and deadline for the enforcement of the judgement was 28 Oct. 2021. As directed by RAA administrative action against Chenda Tobgay was taken by terminating from service vide termination letter dated 22 July 2021.

It was decided that, this issue will remain status quo until the expiry of the deadlines for the enforcement of judgement passed by the Court. After the expiry of the deadline, MoFA should initiate for enforcement of the judgement and submit an action taken report to RAA accordingly.

The Ministry reported that as per the judgment enforcement letter, Jangchuk Dorji, Office of the Attorney General is yet to process the provident fund and other entitlements of Chenda Tobay from NPPF as authorised by him.

2. DZONGKHAG ADMINISTRATIONS

2.1 Dzongkhag Administration, Gasa

The Dzongkhag Administration, Gasa had one unsettled irregularity reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 as summarized below:

Sl. No.	Category	Unsettled irregularities reported to the Parliament as on 30/09/2021 (Nu. in million)	Amount settled (Nu. in million)	Balance as on 31/03/2022 (Nu. in million)	% settled
1	Shortfall, lapses & deficiencies	-	-	-	-
	Total	-	-	-	-

The detailed status of the irregularity reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 is as discussed below:

1. Shortfalls, Lapses and Deficiencies

1.1 Outstanding advances

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

Status: Observation not settled. While all the principal amounts were deposited, the Dzongkhag is yet to recover 24% penalty from Leki Tenzin (EID.9801091).

This issue was deliberated during the PAC consultative meeting held on 12 Aug. 2021 in the DYT hall of Punakha Dzongkhag where the Dzongkhag Adm. Gasa stated that there was an understanding that the matter was supposed to be followed up by the concerned official.

The RAA reported that 24% penalty still remained unsettled which cannot be waived off as it is a lapse from his part.

The PAC directed the Dzongkhag to follow up for recovery, exhaust the ways and means to recover the amount and furnish all the documentary evidences justifying the legitimate utilization of the advance taken for the official purpose and submitted report to RAA by 31 Aug. 2021 for review and decision by the Follow up Committee.

However, the issue remained unresolved as of 31 March 2022. The concerned official assured to deposit the amount as soon as he is comfortable with his financial position.

3. GEWOG ADMINISTRATIONS

3.1 Gewogs under Chukha Dzongkhag

1. Phuentsholing Gewog

The Gewog Administration, Phuentsholing had one unsettled irregularity under shortfall, lapses and deficiencies reported to the Parliament in October 2021 as summarized below. It remained unsettled as on 31 March 2022.

Sl. No.	Category	Unsettled irregularities reported to the Parliament as on 30/09/2021 (Nu. in million)	Amount settled (Nu. in million)	Balance as on 31/03/2022 (Nu. in million)	% settled
2	Shortfall, lapses & deficiencies	-	-	-	-
	Total	-	-	-	-

The detailed status of irregularity reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 is as discussed below:

1. Shortfalls, Lapses and Deficiencies

1.1 Irregular Advance Payment and Incomplete ORC construction

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

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

RAA reported that Gewog Administration had paid advances to the contractor in the construction of 20 seating capacity Out Reach Clinic at Panbari, which was irregular.

This issue was redeliberated in PAC consultative meeting held virtually on 7 Oct. 2021 where the Gup reported that due to COVID situation the Gewog Administration couldn't approach the court as directed by PAC but will soon comply with the same and approach the court in resolving this issue.

The PAC directed the Gewog Administration to submit a report to RAA pertaining to the recovery of the amount from the contractor in accordance with the judgement passed by the Court on 31 December 2013 and approach Court for the enforcement of the judgement by 31st October 2021.

However, no response was received from the Gewog Adm. so the issue remained unresolved as of 31 March 2022.



REVIEW REPORT OF ANNUAL AUDIT REPORT 2012

(Status as on 31 March 2022)

ROYAL AUDIT AUTHORITY

PART-I Summary of Review Report of AAR 2012

The Royal Audit Authority had submitted the review report of Annual Audit Report 2012 to the 6th Session of the Third Parliament in October 2021. The Review Report had significant unsettled irregularities of Nu.11.991 million. The RAA had conducted numerous follow-up at various levels in line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018 and subsequently Nu. 0.575 million was settled leaving a balance of Nu. 11.416 million as on 31 March 2022 as shown in table below.

Table: Showing agency wise irregularities settled and balances as on 31 March 2022.

Sl. No.	Agency	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in million)	Amount settled (Nu. in million)	Balance as on 31/03/2022 (Nu. in million)	% settled
1	Ministries	11.535	0.241	11.294	2.09
2	Dzongkhags	0.334	0.334	-	100
3	Gewogs	0.122	-	0.122	-
	Total Budgetary Agencies - A (1 to 3)	11.991	0.575	11.416	4.80
4	Corporations	-	-	-	-
	Total Non Budgetary Agencies - B (4)	-	-	-	
	Grand total C = A+B	11.991	0.575	11.416	4.80

As transpired from table above, the Budgetary Agencies had settled irregularities of Nu.0.575 million, however, Non-Budgetary Agencies which had irregularities without the involvement of monetary amount did not resolve any irregularities as on 31 March 2022. The detail review report of the issues is given below.

PART- II: DETAIL REVIEW REPORT

1 MINISTRIES

1.2 Ministry of Education

The Ministry of Education had an unresolved irregularity of Nu.10.618 million reported to Parliament in October 2021 and it continue to remain unsettled as on 31 March 2022 as summarized below:

Sl. No.	Category	Unsettled irregularities reported to the Parliament as on 30/09/2021 (Nu. in million)	Amount settled (Nu. in million)	Balance as on 31/03/2022 (Nu. in million)	% settled
1	Shortfalls, lapses and deficiencies	10.618	-	10.618	-
	Total	10.618	-	10.618	

The detailed status of irregularity reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 is as discussed below:

1 Shortfalls, Lapses and Deficiencies – Nu. 10.618 million

1.1 Outstanding advances – Nu. 10.618 million

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

Status: Observation not settled. The unsettled long overdue advance pertained to M/s. Druk Sherig Construction. The issue was prosecuted in Thimphu Dzongkhag Court by the Ministry of Education and finally the Dzongkhag Court had issued a verdict against the case vide Verdict No. Thimphu/2019-1768 dated 30/10/2019 wherein Pema Namgyal the son of the proprietor of the company has been ordered to pay the amount of Nu. 10,618,446.73 to the Ministry within six month from the date of the judgement i.e. 30 Oct. 2019. However, the amount had not been paid as on 31 Aug. 2021.

The issue was deliberated during the PAC consultative meeting held on 31 Aug. 2021 in the NC conference hall at Thimphu where the Ministry of Education had reported that whereabouts of Pema Namgyal was not known so the verdict could not be enforced and the amount was still lying unrecovered. The PAC informed the house that unlike earlier judiciary system henceforth judgement enforcement appeal can be made even in absence of the defendant. Therefore, the Ministry was advised by the PAC to initiate for judgement enforcement appeal by 30 Sept. 2021 and intimate the RAA and the PAC.

Accordingly, as per the letter No.MoE/DoS/LS/2021/1237 dated 28/09/2021 the Ministry of Education appealed to Civil Bench of Thimphu Dzongkhag Court for judgement enforcement where the court had informed the Ministry that summon order for hearing on 7 Oct. 2021 shall be issued.

However, the case remained unresolved as no further developments were reported as of 31 March 2022.

1.5 Ministry of Foreign Affairs

Out of the total unsettled significant irregularities of Nu.0.676 million reported to the Parliament in October 2021, the Ministry of Foreign Affairs had not settled any irregularities as on 31 March 2022 as summarized below:

Sl. No.	Category	Unsettled irregularities reported to the Parliament as on 30/09/2021 (Nu. in million)	Amount settled (Nu. in million)	Balance as on 31/03/2022 (Nu. in million)	% settled
1	Shortfalls, lapses and deficiencies	0.676	-	0.676	-
	Total	0.676	-	0.676	-

The detailed status of irregularities reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 are as discussed below:

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

1.1 Outstanding Advances – Nu. 0.581million

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

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

This issue was deliberated during the PAC consultative meeting held on 6 Sept. 2021 in NA conference hall, Thimphu where the MoFA reported that on 15 July 2021 OAG communicated the judgment passed on Chenda Tobgay's case and deadline for the enforcement of the judgement was 28 Oct. 2021. As directed by RAA administrative action against Chenda Tobgay was taken by terminating from service vide termination letter dated 22 July 2021.

It was decided that this issue will remain status quo until the expiry of the deadlines for the enforcement of judgement passed by the Court. After the expiry of the deadline, MoFA should initiate for enforcement of the judgement and submit an action taken report to RAA accordingly.

The Ministry reported that as per the judgment enforcement letter, Jangchuk Dorji, Office of the Attorney General is yet to process the provident fund and other entitlements of Chenda Tobgay from NPPF as authorised by him. As such the case remained unresolved as of 31 March 2022.

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

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

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

This issue was deliberated during the PAC consultative meeting held on 6 Sept. 2021 in NA conference hall, Thimphu where the MoFA reported that on 15 July 2021 OAG communicated the judgment passed on Chenda Tobgay's case and deadline for the enforcement of the judgement was 28 Oct. 2021. As directed by RAA administrative action against Chenda Tobgay was taken by terminating from service vide termination letter dated 22 July 2021.

It was decided that, this issue will remain status quo until the expiry of the deadlines for the enforcement of judgement passed by the Court. After the expiry of the deadline, MoFA should initiate for enforcement of the judgement and submit an action taken report to RAA accordingly.

The Ministry reported that as per the judgment enforcement letter, Jangchuk Dorji, Office of the Attorney General is yet to process the provident fund and other entitlements of Chenda Tobgay from NPPF as authorised by him. As such the case remained unresolved as of 31 March 2022.

1.6 Ministry of Agriculture & Forests

The Ministry of Agriculture & Forests had unsettled irregularity of Nu.0.241 million reported to the Parliament in October 2021. The same had been settled as on 31 March 2022 as summarized below:

Sl. No.	Category	Unsettled irregularities reported to the Parliament as on 30/09/2021 (Nu. in million)	Amount settled (Nu. in million)	Balance as on 31/03/2022 (Nu. in million)	% settled
1	Fraud, Corruption & Embezzlement	0.241	0.241	-	100
	Total	0.241	0.241	-	

The detailed status of irregularity reported to the Parliament in October 2021 which got resolved is as discussed below:

1. Fraud, Corruption and Embezzlement

1.1 Misuse of cash – Nu.0.241 million

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

Status: Observation settled. A sum of Nu.323,409.00 has been deposited into ARA vide R/No.02162 dated 23/03/2022 as per the verdict of the Royal Court of Justice, Thimphu vide Thrimthuen No.BT-22-22/68 dated 28/09/2020 & letter from Hon'ble Secretary, MoAF, Thimphu vide letter No.MAF/LD/24/2022/110 dated 23/03/2022.

2. DZONGKHAGS

2.1 Tsirang Dzongkhag

The Dzongkhag Administration, Tsirang had irregularity of Nu.0.334 million reported to the Parliament in October 2021. It has been settled as on 31 March 2022 as summarized below:

Sl. No.	Category	Unsettled irregularities reported to the Parliament as on 30/09/2021 (Nu. in million)	Amount settled (Nu. in million)	Balance as on 31/03/2022 (Nu. in million)	% settled
1	Shortfalls, lapses and deficiencies	0.334	0.334	-	100
	Total	0.334	0.334	-	-

The detailed status of irregularity reported to the Parliament in October 2021 which got settled as on 31 March 2022 is as discussed below:

1. Shortfall, Lapses and Deficiencies

1.1 Excess payment – Nu. 0.334 million

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

Status: *Observation settled. The amount has been recovered vide receipt No. A00645 dated 07/09/2021 based on the Letter No. OAG/PJED/2021/551 dated 27 August 2021.*

3. GEWOGS

3.1 Gewogs under Chukha Dzongkhag

Logchina Gewog

The Gewog Administration, Logchina had an unsettled irregularity amounting to Nu.0.122 million reported to the Parliament in October 2021 and it remain unsettled as on 31 March 2022 as summarized below:

Sl. No.	Category	Unsettled irregularities reported to the Parliament as on 30/09/2021 (Nu. in million)	Amount settled (Nu. in million)	Balance as on 31/03/2022 (Nu. in million)	% settled
1	Shortfalls, lapses and deficiencies	0.122	-	0.122	-
	Total	0.122	-	0.122	-

The detailed status of irregularity reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 is as discussed below:

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

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

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

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

This issue was redeliberated during the PAC consultative meeting virtually held on 7 Oct. 2021 where the Gup reported that Gewog Administration tried to follow up with the contractor but couldn't trace him. Gewog Administration then approached the court and with permission of the court a picture of the contractor was published in news channel (BBS). Further, the gewog administration contacted the Construction Development Board to check his work status and could get the contact number of the contractor but the contact number was inactive. After the COVID situation started, Gewog Administration couldn't follow up with CDB to check the work status of the contractor.

The PAC directed the Gewog Administration to follow up with CDB by 31 October 2021 to check the work status of the contractor and recover the amount accordingly.

However, the issue remained unresolved as of 31 March 2022 despite several reminder made through call to Yonten Norbu and also no response received from the Gewog Administration.

3.2 Gewogs under Dagana Dzongkhag

Deorali Gewog

The Gewog Administration, Deorali had one unsettled irregularity under fraud corruption and embezzlement reported to the Parliament in October 2021. It remained unresolved as on 31 March 2022 as summarized below:

Sl. No.	Category	Unsettled irregularities reported to the Parliament as on 30/09/2021 (Nu. in million)	Amount settled (Nu. in million)	Balance as on 31/03/2022 (Nu. in million)	% settled
1	Fraud, Corruption & Embezzlement	-	-	-	
	Total	-	-	-	

The detailed status of irregularity reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 is as discussed below:

1. Fraud, Corruption and Embezzlement

1.1 Misuse of Revenue

The Gewog Administration had a case of misuse of revenue amounting to Nu. 0.063 million. The cash balance was not physically available during verification and the new Gup stated that the former Gup had not handed over the cash balance when he assumed the office. [AIN: 10331; Para: 1, Accountabilities:

Status: Observation not settled. While the recovery of Nu.0.063 million was made and deposited with the RAA the appropriate action against the responsible official(s) as recommended is awaited. (Note: Not deliberated during PAC meet held on 9 Aug. 2021 in PDC, RAA, Tsirang as the Gup was not present as he was under quarantine).

5 CORPORATIONS

5.1 Penden Cement Authority Limited

One unsettled irregularity was reported to the Parliament in October 2021. The same remained unsettled as on 31 March 2022 as summarized below:

Sl. No.	Category	Unsettled irregularities reported to the Parliament as on 30/09/2021 (Nu. in million)	Amount settled (Nu. in million)	Balance as on 31/03/2022 (Nu. in million)	% settled
1	Mismanagement	-	-	-	-
	Total	-	-	-	

The detailed status of irregularity reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 is as discussed below:

1. Mismanagement

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

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

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

Status: Observation not settled. The case was under review by the ACC. As per the 4th bilateral meeting the case was assigned for investigation team as on 08/06/2017 vide letter No.ACC/Dol-i/Case-08/2017/686.

As per the telephonic update given by Internal Auditor of PCAL in Sept. 2021 the case has been registered in Gelephu Dungkhag Court.

However, no further developments were reported by the management and the case remained unresolved as of 31 March 2022.



REVIEW REPORT OF ANNUAL AUDIT REPORT 2013

(Status as on 31 March 2022)

ROYAL AUDIT AUTHORITY

PART-I Summary of Review Report of AAR 2013

The Royal Audit Authority had submitted the review report of Annual Audit Report 2013 to the 6th Session of the Third Parliament in October 2021. The Review Report had significant unsettled irregularities of Nu.3.996 million. The RAA had conducted numerous follow-ups at various levels in line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018. However, the irregularities of Nu.3.996 million remained unsettled as of 31 March 2022.

The agency wise unsettled irregularities reported to the Parliament in October 2021 which remained unresolved as of 31 March 2022 are shown in the table below.

Table: Showing agency-wise unsettled irregularities as on 31 March 2022.

Sl. No.	Agencies	Irregularities reported to the Parliament in 30 Sept. 2021 (Nu. In million)	Amount settled	Balance as on 31/03/2022	% settled
1	Ministries	0.266	-	0.266	-
2	Dzongkhags	3.377	-	3.377	-
3	Gewogs	0.353	-	0.353	-
Total Budgetary Agencies		3.996	-	3.996	-

As transpired from table above none of the irregularities reported to the Parliament in October 2021 had been resolved as on 31 March 2022. The detail report is given below.

PART II: DETAIL REVIEW REPORT

1. MINISTRIES

1. Ministry of Foreign Affairs

The Ministry of Foreign Affairs had an unsettled irregularity of Nu.0.266 million reported to the Parliament in October 2021 and it remained unsettled as on 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount settled (Nu. in Million)	Balance as on 31/03/2022	% settled
1	Shortfalls, lapses and deficiencies	0.266	-	0.266	-
	Total	0.266	-	0.266	-

The detailed status of irregularity reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 is as discussed below:

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

The Royal Bhutanese Embassy, Bangkok had an outstanding advances of Nu.0.266 million against various officials and parties. (AIN 11286; Para 2; Accountabilities: Direct: Chenda Tobgay; Supervisory: Gyembo, Councillor (Finance), EID No. 9610061)

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

This issue was deliberated during the PAC consultative meeting held on 6 Sept. 2021 in NA conference hall, Thimphu where the MoFA reported that on 15 July 2021 OAG communicated the judgment passed on Chenda Tobgay's case and deadline for the enforcement of the judgement was 28 Oct. 2021. As directed by RAA administrative action against Chenda Tobgay was taken by terminating from service vide termination letter dated 22 July 2021.

It was decided that, this issue will remain status quo until the expiry of the deadlines for the enforcement of judgement passed by the Court. After the expiry of the deadline, MoFA should initiate for enforcement of the judgement and submit an action taken report to RAA accordingly.

The Ministry reported that as per the judgment enforcement letter, Jangchuk Dorji, Office of the Attorney General is yet to process the provident fund and other entitlements of Chenda Tobgay from NPPF as authorised by him. As such the case remained unresolved as of 31 March 2022.

DZONGKHAGS

1. Dzongkhag Administration, Pemagatshel

The Dzongkhag Administration, Pemagatshel had an unsettled irregularity of Nu.2.970 million reported to the Parliament in October 2021. It remained unsettled as on 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount settled (Nu. in Million)	Balance as on 31/03/2022	% settled
1	Shortfalls, lapses and deficiencies	2.970	-	2.970	-
	Total	2.970	-	2.970	-

The detailed status of irregularity reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 is as discussed below:

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

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

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

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

The issue was redeliberated in the PAC consultative meeting held on 2 Aug. 2021 in DYT hall of Trashigang Dzongkhag and Dzongkhag Adm. Pemagatshel reported that they were following up with Lobzang Tshering for the recovery of an advance taken but no positive response was received. It was reported that the direct accountable person has absconded. Now they have opted for legal recourse in recovering the same.

The RAA expressed that it is necessary to follow up with the Census & Civil Registration to identify whether the person has really absconded or not. It cannot be assumed that a person has absconded merely on the basis that he is not found in some part of the locality. The PAC directed that the Dzongkhag Adm. should follow up the matter and update RAA accordingly by 31 Aug. 2021.

Subsequently the Dzongkhag Administration, Pemagatshel Dzongkhag has re-appealed to Dzongkhag Court, Pemagatshel vide letter No. Peltshel/ThrimthenYigtshang-03/2021-22/ dated 17/08/2021 to verify the properties belonging to Ugyen Dorji Construction, Contractor. The property verification order from the Dzongkhag court is yet to be furnished to RAA. As such the issue remained unresolved as of 31 March 2022.

2. Dzongkhag Administration, Trashigang

The Dzongkhag Administration, Trashigang had unsettled irregularities of Nu.0.407 million reported to the Parliament in October 2021 and it remained unsettled as on 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament on 30/09/2021 (Nu. in Million)	Amount settled (Nu. in Million)	Balance as on 31/03/2022	% settled
1	Shortfalls, lapses and deficiencies	0.407	-	0.407	-
	Total	0.407	-	0.407	-

The detailed status of the irregularity reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 is as discussed below:

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

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

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

Status: Observation not settled. The PAC consultative meeting held at Samdrupjongkhar from 27 to 28/09/19 instructed the Dzongkhag Administration to follow up with the Health Ministry on action taken and accordingly intimate RAA and PAC for further disposal of the case.

This issue was redeliberated during the PAC consultative meeting held on 2 Aug. 2021 in the DYT hall of Trashigang Dzongkhag and the Dzongkhag Administration reported that, on 2 Oct. 2019 a letter was sent to the focal person (Health Ministry) requesting them to take action on this issue and were communicated by the legal officer on 11th Oct 2019 that the Ministry has taken up the responsibility to take legal actions in resolving the same. The Dzongkhag further reported that as of now no further action taken report had been received.

The PAC directed the Dzongkhag Administration to follow up with the Ministry of Health and submit the status of the case to RAA by 31 Aug.2021.

However, no further developments have been reported by the Dzongkhag and the issue remained unresolved as of 31 March 2022.

1. Gewogs under Tsirang Dzongkhag

Gosarling Gewog

The Gewog Administration, Gosarling had unsettled irregularity of Nu. 0.353 million reported to the Parliament in October 2021. It remained unsettled as on 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount settled (Nu. in Million)	Balance as on 31/03/2022	% settled
1	Shortfalls, lapses and deficiencies	0.353	-	0.353	-
	Total	0.353	-	0.353	-

The detailed status of irregularity reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 is as discussed below:

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

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

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

The issue was redeliberated during the PAC consultative meeting held on 9 Aug. 2021 in PDC, RAA Tsirang where Thrizin reported that they had followed up with the engineer but no positive response was received from him. The Dzongkhag Administration then sought legal recourse to resolve this issue. Due to lack of legal officer in Tsirang Dzongkhag Adm., the case was forwarded to Office of Attorney General on 27 April 2020 along with two other cases that were pending in Dzongkhag Administration. Legal Officer from OAG was supposed to visit for inspection but couldn't do so due to the COVID-19 pandemic situation.

The PAC directed the Dzongkhag/Gewog Administration to follow up with the OAG and RBP to resolve this issue and intimate RAA on the status. The PAC further affirmed that they will request OAG to expedite the case.

Now the Gewog has reported that the case is under the Dzongkhag Court Tsirang.



REVIEW REPORT OF ANNUAL AUDIT REPORT 2014

(Status as on 31 March 2022)

ROYAL AUDIT AUTHORITY

PART-I Summary of Review Report of AAR 2014

The Royal Audit Authority had submitted the review report of Annual Audit Report 2014 to the 6th Session of the Third Parliament in October 2021. The Review Report had significant unsettled irregularities of Nu.20.246 million. The RAA had conducted numerous follow-ups at various levels in line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018 and subsequently, Nu.0.689 million had been settled leaving a balance of Nu. 19.557 million unsettled as on 31 March 2022 as shown in the table below:

Table: Showing agency wise irregularities settled and balances as on 31 March 2022.

Sl. No.	Agencies	Irregularities reported to the Parliament on 30/09/2021	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	% Settled
1	Dzongkhags	16.440	-	16.440	-
2	Gewogs	0.045	0.045	-	100
Total Budgetary Agencies - A		16.485	0.045	16.440	-
3	Corporations and Financial Institutions	3.761	0.644	3.117	17.12
Total Non-Budgetary Agencies - B		3.761	0.644	3.117	-
Grand Total - C (A + B)		20.246	0.689	19.557	3.40

As transpired from table above, the Budgetary Agencies had settled irregularities amounting to Nu.0.045 million leaving a balance of Nu.16.440 million unsettled. Non-Budgetary Agencies had settled Nu.0.644 million of irregularities leaving a balance of Nu.3.117 million unsettled as on 31 March 2022. The detailed report is as given below.

PART-II: DETAILED REVIEW REPORT

4.2 DZONGKHAGS

4.2.1 Dzongkhag Administration, Sarpang

The Dzongkhag Administration, Sarpang had total unsettled irregularities of Nu.16.429 million reported to the Parliament in October 2021. It remained unsettled as on 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliamentas on 30/09/2021	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	% Settled
1	Fraud, Corruption & Embezzlement	14.029	-	14.029	-
2	Mismanagement	0.086	-	0.086	-
3	Violation of Laws & Rules	0.881	-	0.881	-
4	Shortfalls, lapses and deficiencies	1.433	-	1.433	-
	Total	16.429	-	16.429	-

The detailed status of irregularities reported to the Parliament in October 2021, which remained unsettled as on 31 March 2022 are as discussed below:

1. Fraud, Corruption and Embezzlement – 14.029 million

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

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

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

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

In absence of legitimate documents supporting the expenditure, the advance availed by Administrative Assistant had remained unaccounted and unadjusted in the books of accounts. The case was forwarded to Anti-Corruption Commission. *(AIN 12304; Observation 1 & 3 of Part 1; Accountabilities: Direct: Sonam*

Norbu, Administrative Assistant, EID No. 200508102; Supervisory: Pema Wangdi, Dungpa, EID No. 8210003; Thrimda Wagma Tshering Dorji, RBP, Gelephu, PIN 119)

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

The case has remained unresolved as no further developments have been reported as of 31 March 2022.

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

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

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

The case has remained unresolved as no further developments have been reported as of 31 March 2022.

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

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

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

The case has remained unresolved as no further developments have been reported as of 31 March 2022.

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

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

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

The case has remained unresolved as no further developments have been reported as of 31 March 2022.

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

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

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

The case has remained unresolved as no further developments have been reported as of 31 March 2022.

1.6 Non-accountal of withdrawal – Nu. 0.528 million

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

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

The case has remained unresolved as no further developments have been reported as of 31 March 2022.

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

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

The case has remained unresolved as no further developments have been reported as of 31 March 2022.

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

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

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

The case has remained unresolved as no further developments have been reported as of 31 March 2022.

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

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

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

The case has remained unresolved as no further developments have been reported as of 31 March 2022.

1.9 Payment for works not executed – Nu. 0.103 million

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

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

The case has remained unresolved as no further developments have been reported as of 31 March 2022.

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

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

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

The case has remained unresolved as no further developments have been reported as of 31 March 2022.

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

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

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

The case has remained unresolved as no further developments have been reported as of 31 March 2022.

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

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

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

The case has remained unresolved as no further developments have been reported as of 31 March 2022.

1. Mismanagement – Nu. 0.086 million

2.1 Delegation of accounting responsibility to an unqualified personnel

The Dungkhag Administration, Gelephu had officially delegated the charges of maintaining the books of accounts of Losal Cinema Hall from a trained Accountant to an Administrative Assistant whose primary responsibility was to look after the affairs of the Administration and not maintaining the books of accounts. The case was forwarded to Anti-Corruption Commission. (AIN 12304; Observation 2 of Part 1; Accountabilities: Direct: Sonam Norbu, Administrative Assistant, EID No. 200508102; Supervisory: Pema Wangdi, Dungpa, EID No. 8210003; Thrimda Wogma Tshering Dorji, RBP, Gelephu, PIN 119).

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

The case has remained unresolved as no further developments have been reported as of 31 March 2022.

2.2 Non-collection of revenue – Nu. 0.086 million

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

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

The case has remained unresolved as no further developments have been reported as of 31 March 2022.

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

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

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

The case has remained unresolved as no further developments have been reported as of 31 March 2022.

3 Violation of Laws and Rules – Nu. 0.881 million

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

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

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

The case has remained unresolved as no further developments have been reported as of 31 March 2022.

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

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

The case has remained unresolved as no further developments have been reported as of 31 March 2022.

3.2 Payment without approval – Nu. 0.185 million

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

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

The case has remained unresolved as no further developments have been reported as of 31 March 2022.

3.3 Non-compliance to Procurement Rules & Regulations

The Dzongkhag Administration Gelephu had violated the Procurement Rules & Regulations in awarding the contract for the roofing works of three buildings to a contractor on lump sum amount of Nu. 1.500 million against the estimated cost of Nu. 1.745 million. Though the roofing works of Janta Bakery & Naitai Hotel Building were not approved by the Thromde, the contract was found awarded. The case was forwarded to Anti-Corruption Commission. (AIN 12304; Observation 9 of Part 1; Accountabilities:

Direct: Sonam Norbu, Administrative Assistant, EID No. 200508102; Supervisory: Pema Wangdi, Dungpa, EID No. 8210003; Thrimda Wagma Tshering Dorji, RBP, Gelephu, PIN 119).

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

The case has remained unresolved as no further developments have been reported as of 31 March 2022.

4 Shortfalls, Lapses and Deficiencies – Nu. 1.433 million

4.1 Non-recovery of advances – Nu. 1.338 million

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

Status: *Observation not settled. Out of Nu.1.032 million; Nu.0.091 million was adjusted vide letter No. SD/Acct-25/2014-2015/2558 dated 28/10/2014 leaving a balance of Nu.0.941 million. The balance remained unrecovered as of 31 March 2022.*

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

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

The case has remained unresolved as no further developments have been reported as of 31 March 2022.

4.2 Non-recovery of advance – Nu. 0.095 million

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

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

The case has remained unresolved as no further developments have been reported as of 31 March 2022.

4.2.2 Dzongkhag Administration, Chhukha

The Dzongkhag Administration Chhukha had unsettled irregularities of Nu.0.011 million reported to the Parliament in October 2021. It remained unsettled as on 31 March 2022 as summarized below

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	% Settled
1	Violation of Laws & Rules	-	-	-	-
2	Shortfalls, lapses and deficiencies	0.011	-	0.011	-
	Total	0.011	-	0.011	-

The detailed status of irregularities reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 are as discussed below:

1. Violation of Laws and Rules

1.1 Non-deduction of rebate

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

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

This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in NA conference hall, Thimphu where the Dzongkhag Engineer reported that principal amount was paid and the balance amount of 24% penalty is remaining. Thinley Penjor, accountable person was transferred to Thimphu Thromde and then resigned after serving there. However, it is known that he resides in Phuentsholing.

RAA stated that though Thinley Penjor has been stated resigned from the service, he has not been granted audit clearance certificate yet. This issue shall remain unsettled until the amount is recovered and deposited with the RAA.

The issue remained unresolved as the 24% penalty amounting to Nu. 52,558.53 remained unrecovered as of 31 March 2022

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

2.1 Excess payments – Nu. 0.011 million

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

Status: Observation not settled. An amount of Nu. 0.036 million was deposited into audit recoveries account leaving a balance of Nu. 0.011 million.

This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in NA conference hall, Thimphu where the Dzongkhag Engineer reported that initially Chura Muni Bhattarai was not given his retirement benefit due to pending audit memos against him. After the production of audit clearance certificate by him, the Dzongkhag Administration released his retirement benefits.

RAA replied that audit clearance certificate was issued to Chura Muni Bhattarai based on the undertaking of the Dzongkhag Administration to resolve the issue.

The PAC directed the Dzongkhag Administration to submit proper justification or evidence on this issue to RAA for review and appropriate decision.

The issue remained unresolved as the balance amount of Nu. 0.011 million remained unrecovered as of 31 March 2022.

4.3 GEWOGS

1. Phuentsholing Gewog

The Gewog Administration, Phuentsholing had unsettled irregularities of Nu.0.045 million reported to the Parliament in October 2021. The principal amount of Nu.0.045 million has been deposited, however, the issue remained unsettled as the accumulated 24% p.a. penalty was not settled as on 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	% Settled
1	Shortfalls, lapses and deficiencies	0.045	0.045	-	-
	Total	0.045	0.045	-	-

The detailed status of irregularity reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 is as discussed below:

1. Mismanagement

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

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

Status: *Observation not unsettled. Although the principal amount of Nu. 44,919.25 has been recovered vide and deposited vide receipt No. 01872 dated 19/11/2021 the observation remained unresolved as the accumulated 24% penalty amounting of Nu.78,654.22 was not deposited as of 31 March 2022.*

4.5 CORPORATIONS

4.5.1 Dungsam Cement Corporation Limited

Dungsam Cement Corporation Ltd. had total unsettled irregularities of Nu.0.644 million reported to the Parliament in October 2021. The same has been resolved as on 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	% Settled
1	Shortfalls, lapses and deficiencies	0.644	0.644	-	100
	Total	0.644	0.644	-	-

The detailed status of irregularities reported to the Parliament in October 2021 which got settled as on 31 March 2022 are as discussed below:

1. Shortfalls, Lapses and Deficiencies

1.1. Excess payment- Nu. 0.592 million

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

Status: *Observation settled. The observation No. 5.1 & 5.2 is reviewed and settled vide review report No. RAA/OAAG-SJ(AR-173)DCCL-Nanglam/2021/399 dated 25/02/2021 as the 25th BAC meeting has approved write-off for the settlement of observation.*

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

Status: *Observation settled. The observation No. 5.1 & 5.2 is reviewed and settled vide review report No. RAA/OAAG-SJ(AR-173)DCCL-Nanglam/2021/399 dated 25/02/2021 as the 25th BAC meeting has approved write-off for the settlement of observation.*

3.2 Double payment – Nu. 0.052 million

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

Status: *Observation settled. The observation is reviewed and settled vide review report No. RAA/OAAG-SJ(AR-173)DCCL-Nanglam/2021/399 dated 25/02/2021 as the 25th BAC meeting has approved write-off for settlement of observation.*

4.5.4 Food Corporation of Bhutan Limited

The total unsettled irregularities of Nu.3.117 million reported to the Parliament in October 2021 remained unresolved as on 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	% Settled
2	Shortfalls, lapses and deficiencies	3.117	-	3.117	-
	Total	3.117	-	3.117	-

The detailed status of irregularities reported to the Parliament in October 2021 which remained unresolved as on 31 March 2022 is as discussed below:

1. Shortfall, lapses and deficiencies – Nu. 3.117million

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

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

Status: Observation not settled. After investigation by the ACC the case has been forwarded to the Office of the Attorney General for prosecution as per the letter No.ACC/DoI-III/Case-09/2013/574 dated 19/7/2016. During the PAC consultative meeting held at Samtse from 30/09/19 – 02/10/19, the FCBL was directed to submit the decision of Court to RAA and PAC as soon as verdict is delivered. Verdict awaited as of Sept 2021.

This issue was redeliberated during the PAC consultative meeting held virtually on 7 Oct. 2021 and Legal Officer of FCBL reported that there are two cases in this issue, i.e., civil and criminal. In case of criminal suit, it is prosecuted by the Office of Attorney General and is pending for judgement in the Dzongkhag Court, Chukha.

In case of civil case, Balaji (Indian Merchant) initiated a civil suit against FCBL in Phuentsholing Dungkhag Court in 2013 claiming an amount of Nu. 500,000/- for the rice supplied and the Court directed FCBL to pay the amount to Balaji. FCBL then appealed to Dzongkhag Court, Chukha but the judgement of the Phuentsholing Court was upheld. Accordingly, FCBL paid the amount to Balaji.

FCBL took an administrative action against the accountable person and also approach the court in 2019 to take a legal action against him but the Court dismissed the case in accordance with Section 156 of Civil and Criminal Procedure Code. FCBL then reported the same to RAA, Phuentsholing and requested to drop this issue because all means to resolve this issue were exhausted. RAA, Phuentsholing forwarded the issue to RAA, Thimphu and was stated that RAA will look into the matter but no response/decision was communicated back to FCBL.

It was decided that RAA should discuss the issue of civil case in their follow up committee and update it accordingly. FCBL on the other hand should facilitate and follow up with RAA to resolve the issue by 31 Oct. 2021. The issue of criminal case shall remain status quo until the judgement is passed by the Court. Upon receipt of the judgement on the criminal case, FCBL should update RAA.

However, no further developments were reported as of 31 March 2022. As such the issue remained unresolved.

4.6 FINANCIAL INSTITUTIONS

4.6.5 Royal Monetary Authority of Bhutan

The Royal Monetary Authority of Bhutan had one unsettled irregularity under fraud, corruption and embezzlement reported to the Parliament in October 2021 as summarized below. It remained unsettled as of 31 March 2022.

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	% Settled
1	Fraud, Corruption & Embezzlement	-	-	-	-
	Total	-	-	-	-

The detailed status of irregularity reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 is as discussed below:

1. Fraud, Corruption and Embezzlement

1.1 Manipulation of documents and inadmissible payments

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

Status: Observation not settled. The case was reported sub judice in the Thimphu Dzongkhag Court.

This issue was deliberated during the PAC consultative meeting held on 1 Sept. 2021 in the NC conference hall, Thimphu where RMA reported that Eden Dema was suspended during the investigation process. As the case being under litigation retirement benefit was not paid to her. The PAC advise RMA to follow up with OAG to expedite the case and resolve it accordingly.

As per letter No. RMA/LSD-GO-2021/3179 dated 2/4/2021 Eden Dema has appealed to the larger bench of the High Court. However, no further outcome has been reported as of 31 March 2022.



REVIEW REPORT OF ANNUAL AUDIT REPORT 2015

(Status as on 31 March 2022)

ROYAL AUDIT AUTHORITY

PART-I Summary of Review Report of AAR 2015

The Royal Audit Authority had submitted the review report of Annual Audit Report 2015 to the 6th Session of the Third Parliament in October 2021. The Review Report had significant unsettled irregularities of Nu.85.984 million. The RAA had conducted numerous follow-ups at various levels in line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018 and subsequently, Nu.3.040 million was settled leaving a balance of Nu.82.944 million unsettled as on 31 March 2022 as shown in the table below:

Table: Showing agency wise irregularities settled and balances as on 31 March 2022.

SI No.	Agencies	Irregularities reported to the Parliament in Sept. 2021 (Nu. In million)	Amount settled	Balance as on 31/03/2022	Amount settled %
1	Ministries	13.721	-	13.721	-
2	Dzongkhags	0.331	-	0.331	-
3	Gewogs	0.083	-	0.083	-
4	Autonomous Bodies	21.313	0.885	20.428	4.15
Total Budgetary Agencies - A (1 to 4)		35.448	0.885	34.563	2.50
5	Corporations and Financial Institutions	50.536	2.155	48.381	4.26
Non-Budgetary Agencies - B		50.536	2.155	48.381	4.26
Grand Total - (A + B)		85.984	3.040	82.944	3.54

As transpired from table above, the Budgetary Agencies had settled irregularities amounting to Nu.0.885 million leaving a balance of Nu.34.563 million. With respect to Non Budgetary Agencies, the irregularities of Nu.2.155 million was settled leaving a balance of Nu.48.381 million. The detail report is given below.

PART - II: DETAILED REVIEW REPORT

4.1 MINISTRIES

4.1.1 Ministry of Information & Communications

Out of the two unsettled significant irregularities under fraud, corruption and embezzlement reported to the Parliament in October 2021, the Ministry of Information & Communications had not settled any irregularities as on 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	Percentage settled
1	Fraud, Corruption & Embezzlement	-	-	-	-
	Total	-	-	-	-

The detailed status of unsettled irregularities reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 are as discussed below:

1. Fraud, Corruption & Embezzlement

1.1 Disbursements not supported by documents indicating unauthorized and fictitious payments

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

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

The issue was deliberated during PAC consultative meeting held on 31 Aug. 2021 in the NC conference hall, Thimphu and PAC informed the house that unlike earlier judiciary practice henceforth case can be filed in the Royal Court of Justice even in absence of the defendant. Therefore, the Ministry was advised to follow up the case with the OAG for registration.

However, as the Ministry did not report any further action taken report to the RAA as of 31 March 2022 the issue remained status quo.

1.2 Accrued penalty on the misuse of government funds

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

Sl. No.	Observation in Brief	Amount (Nu.in million)	Penalty (Nu.in million)	Observation No.
Part A : Secretariat, MoIC				
1	Non-accountal of cash withdrawn from Bank in the books of accounts	0	0.073	2.1
2	Booking of unauthorized advance and subsequent refunds in cash	0.650	0.123	2.2
3	Unauthorized retention of amounts outside the books of accounts for 209 days	0.700	0.096	2.3
4	Retention of yearend closing cash balances for periods ranging from 21 to 359 days despite being reflected in the Receipts and Payment Statements as surrender to DPA	0.485	0.059	2.4
5	Misrepresentation of refunds of security deposits to parties in the books of accounts and misuse of the amounts through withdrawals of cheques	0.244	0.139	3
6	Charging the amount as expenditure without actually executing the works and misusing the amount withdrawn	0.341	0.262	4
Part B : Department of Information & Media, MoIC				
7	Booking of unauthorized advance and subsequent refunds in cash	0.758	0.121	1.1
8	Misrepresentation of information in the Receipts and Payment Statements by showing surrender of cash balances without actually depositing the amount with the DPA	0.919	0.077	1.2
9	Non-accountal of cash withdrawn from Bank in the books of accounts	0.223	0.030	1.3
	Total	4.559	0.980	

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

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

The issue was deliberated during PAC consultative meeting held on 31 Aug. 2021 in the NC conference hall, Thimphu and PAC informed the house that unlike earlier judiciary practice henceforth case can be filed in the Royal Court of Justice even in absence of the defendant. Therefore, the Ministry was advised to follow up the case with the OAG for registration.

However, as the Ministry did not report any further action taken report to the RAA as of 31 March 2022 the issue remained status quo.

4.1.2 Ministry of Agriculture and Forests

The Ministry of Agriculture and Forests had unsettled irregularity of Nu.7.063 million reported to the Parliament in October 2021. The same remained unresolved as on 31 March 2022 as shown below:

Sl. No.	Observation Category	Irregularities reported to the Parliament 30/09/2021 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	Percentage settled
1	Violation of Laws and Rules	7.063	-	7.063	-
	Total	7.063	-	7.063	-

The detailed status of unsettled irregularity reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 is as discussed below:

1. Violation of Laws and Rules – Nu.7.063 million

1.1. Non-collection of Government Revenue – Nu.7.063 million

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

Status: Observation not settled. Out of the total amount of Nu. 13.226 million unsettled reported last; Nu.6.163 million was adjusted leaving a balance of Nu.7.063 million unresolved as of 30 Sept.2021.

This issue was deliberated during the PAC consultative meeting held on 3 Sept. 2021 in NA conference hall, Thimphu where the Director of Department of Forest & Park Services reported that Nu.6.163 million was adjusted out of Nu.13.226 million unsettled reported earlier.

The balance unsettled amount of Nu.7.063 million reported last remained unrecovered as of 31 March 2022.

4.1.4 Ministry of Health

Out of the total unsettled significant irregularities of Nu.6.658 million reported to the Parliament in October 2021, the Ministry of Health had not settled any irregularities as on 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	Percentage settled
1	Fraud, Corruption & Embezzlement	5.602	-	5.602	-
2	Mismanagement	1.056	-	1.056	-
	Total	6.658	-	6.658	

The details of irregularities reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 are as discussed below:

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

1.1 Misuse of revenue collections through ‘teeming and lading’

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

Status: Observation not settled. This issue was deliberated during the PAC consultative meeting held on 8 Sept. 2021 in NA conference hall, Thimphu where the President of JDWNRH reported that the case was forwarded to the Office of the Attorney General by Anti-Corruption Commission. However, since the whereabouts of Kinzang Choden was unknown the case was returned to ACC by OAG. The Chairperson of ACC wrote to the Chief of police seeking updates on the missing person but the status remained the same. Hence, the case could not proceed.

The PAC informed the house that unlike the earlier practice now a case can be registered even in absence of the defendant. The PAC advised that JDWNRH should follow up with the relevant authorities for pursuing the case.

However, JDWNRH did not report any further progress to the RAA as of 31 March 2022. As such the case remained unresolved. Follow-up report has been sent to the management vide RAA/FUCD(W47-JDWNRH)2021/2439 dt.23/12/2021

1.2 Embezzlement of Government Revenue - Nu.5.579 million

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

Status: Observation not settled. This issue was deliberated during the PAC consultative meeting held on 8 Sept. 2021 in NA conference hall, Thimphu where the President of JDWNRH reported that the case was forwarded to the Office of the Attorney General by Anti-Corruption Commission. However, since the whereabouts of Kinzang Choden was unknown the case was returned to ACC by OAG. The

Chairperson of ACC wrote to the Chief of police seeking updates on the missing person but the status remained the same. Hence, the case could not proceed.

The PAC informed the house that unlike the earlier practice now a case can be registered even in absence of the defendant. The PAC advised that JDWNRH should follow up with the relevant authorities for pursuing the case.

However, JDWNRH did not report any further progress to the RAA as of 31 March 2022. As such the case remained unresolved. Follow-up report has been sent to the management vide RAA/FUCD(W47-JDWNRH)2021/2439 dt. 23/12/2021

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

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 8 Sept. 2021 in NA conference hall, Thimphu where the President of JDWNRH reported that the case was forwarded to the Office of the Attorney General by Anti-Corruption Commission. However, since the whereabouts of Kinzang Choden was unknown the case was returned to ACC by OAG. The Chairperson of ACC wrote to the Chief of police seeking updates on the missing person but the status remained the same. Hence, the case could not proceed.*

The PAC informed the house that unlike the earlier practice now a case can be registered even in absence of the defendant. The PAC advised that JDWNRH should follow up with the relevant authorities for pursuing the case.

However, JDWNRH did not report any further progress to the RAA as of 31 March 2022. As such the case remained unresolved. Follow-up report has been sent to the management vide RAA/FUCD(W47-JDWNRH)2021/2439 dt. 23/12/2021.

1.3 Short-accountal of revenue - Nu.0.023 million

The Office Assistant acting as Accounts Assistant of the Jigme Dorji Wangchuck National Referral Hospital, Thimphu had accounted less government revenue collection of Nu.0.023 million as against the actual amounts reflected in the revenue receipts. The case was forwarded to Anti-Corruption Commission. (AIN: 12932; Observation 1.4; Accountabilities: Direct: Kinzang Choden, Office Assistant, EID No.200209001; Supervisory: Pema Namgay, Revenue Accountant, EID No.9404026)

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 8 Sept. 2021 in NA conference hall, Thimphu where the President of JDWNRH reported that the case was forwarded to the Office of the Attorney General by Anti-Corruption Commission. However, since the whereabouts of Kinzang Choden was unknown the case was returned to ACC by OAG. The Chairperson of ACC wrote to the Chief of police seeking updates on the missing person but the status remained the same. Hence, the case could not proceed.*

The PAC informed the house that unlike the earlier practice now a case can be registered even in absence of the defendant. The PAC advised that JDWNRH should follow up with the relevant authorities for pursuing the case.

However, JDWNRH did not report any further progress to the RAA as of 31 March 2022. As such the case remained unresolved. Follow-up report has been sent to the management vide RAA/FUCD(W47-JDWNRH)2021/2439 dt. 23/12/2021.

2. Mismanagement – Nu.1.056 million

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

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

Status: Observation not settled. This issue was deliberated during the PAC consultative meeting held on 8 Sept. 2021 in NA conference hall, Thimphu where the President of JDWNRH reported that the case was forwarded to the Office of the Attorney General by Anti-Corruption Commission. However, since the whereabouts of Kinzang Choden was unknown the case was returned to ACC by OAG. The Chairperson of ACC wrote to the Chief of police seeking updates on the missing person but the status remained the same. Hence, the case could not proceed.

The PAC informed the house that unlike the earlier practice now a case can be registered even in absence of the defendant. The PAC advised that JDWNRH should follow up with the relevant authorities for pursuing the case.

However, JDWNRH did not report any further progress to the RAA as of 31 March 2022. As such the case remained unresolved. Follow-up report has been sent to the management vide RAA/FUCD(W47-JDWNRH)2021/2439 dt. 23/12/2021.

DZONGKHAGS

4.2.1 Dzongkhag Administration, Monggar

Out of the total significant irregularities of Nu.0.331 million reported to the Parliament in October 2021 the Dzongkhag Administration, Monggar had not settled any irregularities as on 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	Percentage settled
1	Violation of Laws & Rules	-	-	-	-
2	Shortfalls, Lapses and Deficiencies	0.331	-	0.331	-
	Total	0.331	-	0.331	

The detailed status of irregularities reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 are as discussed below:

1. Violation of Laws & Rules

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

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

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

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

Status: Observation not settled. A sum of Nu.0.617 million was deposited into ARA vide R/No.02074 dated 31/08/2021 leaving a balance of Nu.2.220 (2.837-0.617) million unsettled as on 31 March 2022.

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

The case was redeliberated during the PAC consultative meeting held on 3 Aug. 2021 in DYT hall of Trashigang Dzongkhag where the Dzongkhag Adm. Monggar reported that still the contractor could not be contacted and the case remained status que. However, the PAC advised the Dzongkhag to initiate judgement enforcement appeal and report to the RAA by 31 Aug. 2021.

However, the balance amount of Nu.2.220 million remained unsettled as of 31 March 2022. A reminder letter has been served to Dzongkhag vide letter No.RAA-BT/Fus-01/2021/129 dated 03/12/2021.

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

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

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

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

The case was re-deliberated during the PAC consultative meeting held on 3 Aug. 2021 in DYT hall of Trashigang Dzongkhag where Dzongkhag Adm. Monggar reported that Kinley Penjor was caught in Thimphu and was directed to refund the amount payable by him but he filed for

bankruptcy. However, as per Bankruptcy Act of Bhutan 1999, he was declared as solvent by the civil bench. He then appealed before the High Court. The High Court upheld the judgement passed by the Dzongkhag Court. Further, he appealed before the larger bench. The case remained sub judice before the larger bench as of 3 Aug. 2021. The PAC advised the Dzongkhag to follow up with the court and report to RAA accordingly.

As per the verdict of the Mongar Courts verdict No. Thruenthoe No: Mongar-16-200/ dated 01/07/2016, the contractor has to deposit a sum of Nu.11, 94,013.56 only to the Mongar Dzongkhag. However, the amount remained un-deposited as of 31 March 2022.

4.3 GEWOGS

4.3.1 Gewogs under Chhukha Dzongkhag

I. Loggchina Gewog

The Gewog Administration, Loggchina had unsettled irregularity of Nu.0.033 million reported to the Parliament in October 2021 and continue to remain unsettled as on 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	Percentage settled
1	Shortfalls, lapses and deficiencies	0.033	-	0.033	-
	Total	0.033	-	0.033	-

The detailed status of irregularity reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 is as discussed below:

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

1.1 Excess payment – Nu.0.033 million

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

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

The observation remained unsettled as no further action taken report has been submitted by the Gewog as of 31 March 2022.

Gewogs under Trongsa Dzongkhag

1. Langthil Gewog

The Gewog Administration, Langthel had unsettled irregularity of Nu. 0.050 million reported to the Parliament in October 2021 and it continue to remain unsettled as on 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 31/03/2022	Percentage resolved
1	Shortfalls, lapses and deficiencies	0.050	-	0.050	0
	Total	0.050	-	0.050	

The detailed status of irregularity reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 is as discussed below:

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

1.1 Outstanding advances – Nu.0.050 million

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

Status: Observation not settled. This observation was deliberated during the PAC consultative meeting held on 5 Aug. 2021 in the DYT hall of Trongsa Dzongkhag where the current Gup reported that this issue was reported during the time of former Gup (Lham Dorji) and with a big intention to resolve the issue, present Gup followed up with the former Gup but there was no positive response from him. Hence, the gewog administration decided to take legal recourse against M/s Yangka Hiring Agency (as the advance was against the agency) but unfortunately due to the transfer of legal officer the case couldn't be initiated. It was also shared that there is no legal officer in the Dzongkhag Administration since last nine months.

The PAC directed the Gewog Administration to take legal recourse and report the same to RAA by 31 Aug. 2021.

However, the observation remained unresolved as no further developments have been reported by the Gewog as of 31 March 2022.

4.4. AUTONOMOUS AGENCIES

4.4.1 Royal University of Bhutan

Out of the total unsettled significant irregularities of Nu.15.394 million reported to the Parliament in October 2021, the Royal University of Bhutan has settled the irregularities of Nu.0.885 million leaving a balance of Nu.14.509 million as of 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	Percentage settled
1	Mismanagement	0.885	0.885	-	100
2	Violation of laws and rules	14.509	-	14.509	-
	Total	15.394	0.885	14.509	

The detailed status of irregularities reported to the Parliament in October 2021, the irregularities settled thereafter and the unsettled balances as on 31 March 2022 are as discussed below:

1. Mismanagement

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

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

Status: Observation settled vide follow-up report No. RAA/OAAG(T)/FUS-02/2020-2021/378 dated 11/12/2020.

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

2.1 Non-renewal of performance guarantee

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

Status: Observation not settled. The case was reported subjudice in the Supreme Court.

This issue was deliberated during the PAC consultative meeting held on 7 Sept. 2021 in NA conference hall, Thimphu where RUB reported that Supreme Court directed the contractor to pay Nu.43, 637,313.89 to RUB. However, the amount had not been paid by the contractor. The management has been following up for enforcing the judgement passed by the Supreme Court.

The PAC directed the RUB to follow-up for enforcement of the judgement passed by the Supreme Court and update RAA accordingly.

However, the case remained unsettled as no further developments were reported by the University as of 31 March 2022.

2.2 Non-renewal of Bank Guarantee

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

Status: Observation not settled. The case was reported subjudice in the Supreme Court.

This issue was deliberated during the PAC consultative meeting held on 7 Sept. 2021 in NA conference hall, Thimphu where RUB reported that Supreme Court directed the contractor to pay Nu. 43 million approximately to RUB. However, the amount had not been paid by the contractor. The management has been following up for enforcing the judgement passed by the Supreme Court.

The PAC directed the RUB to follow-up for enforcement of the judgement passed by the Supreme Court and update RAA accordingly

However, the case remained unsettled as no further developments were reported by the University as of 31 March 2022.

2.3 Non-levy of liquidated damages Nu.14.509 million

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

Status: Observation not settled. The case was reported subjudice in the Supreme Court.

This issue was deliberated during the PAC consultative meeting held on 7 Sept. 2021 in NA conference hall, Thimphu where RUB reported that Supreme Court directed the contractor to pay Nu. 43 million approximately to RUB. However, the amount had not been paid by the contractor. The management has been following up for enforcing the judgement passed by the Supreme Court.

The PAC directed the RUB to follow-up for enforcement of the judgement passed by the Supreme Court and update RAA accordingly.

However, the case remained unsettled as no further developments were reported by the University as of 31 March 2022.

4.4.3 Election Commission of Bhutan

The Election Commission had total significant irregularity of Nu.5.235 million reported to the Parliament in October 2021. It remained unsettled as of 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	Percentage settled
1	Fraud, Corruption and Embezzlement	5.235	-	5.235	-
	Total	5.235	-	5.235	

The detailed status of irregularity reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 is as discussed below:

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

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

The Election Commission of Bhutan in contravention to the Financial Management Manual did not have receipts and other necessary supporting documents to substantiate the expenses of Nu.5.235 million incurred as postal charges for ordinary letters from 2010-2015. The payments were made based on the summary invoices/bills without records of the details of the ordinary letters such as the receivers' details and number/quantity of these letters. The ECB subsequently established the case of forgery and embezzlement and handed over to the Royal Bhutan Police and later to the Anti-Corruption Commission. *(AIN: 13247; Observation: 2; Accountabilities: Direct: Kinzang Choden, Despatcher, EID No.: 201008056; Supervisory: Tashi Dorji, Chief Administrative Officer, EID No.: 83302009; Karma Dhendup Tshering, Chief Project Coordinator, EID No.: 7902010; and Dawa Tenzin, Secretary, EID No: 8709030).*

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

This issue was deliberated during the PAC consultative meeting held on 9 Sept. 2021 in NA conference hall, Thimphu where the Legal Officer of ECB reported that the Office of the Attorney General filed a case in Thimphu District Court and the Court sentenced the accountable person to nine years imprisonment and directed him to retribute the embezzled amount. Further, OAG verified to retribute the amount from the accountable person's property but found out that no property was registered in his name. As of now, the accountable person is in police custody. Since the accountable person is not in a capacity to retribute the amount and no property is registered in his name from which the amount can be retributed, it is believed that the only option left is to appeal to the court for a value-based sentencing.

It was decided that this issue shall remain unresolved until the enforcement of the judgement is implemented.

The direct accountability has been transferred to Lhawang Tshering, Bhutan Postal Corp.Ltd. Thimpu from Kinzang Choden, ECB based on the Court Verdict and vide letter No. ECB(SEC-55)2020/2933 dt.16.10.2020.

Follow-up report has been sent to the Commission vide RAA/FUCD (W22-ECB) 2021/2442 dated. 23/12/2021.

4.4.5 Gross National Happiness Commission

The Gross National Happiness Commission had irregularity of Nu.0.684 million reported to the Parliament in October 2021. It remained unsettled as on 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	Percentage settled
1	Violations of laws and rules	0.684	-	0.684	-
	Total	0.684	-	0.684	

The detailed status of irregularities reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 is as discussed below:

1. Violations of laws and rules - Nu.0.684 million

1.1 Non-production of documents - Nu.0.684 million

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

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

This issue was deliberated during the PAC consultative meeting held on 9 Sept. 2021 in NA conference hall, Thimphu where the Director of GNHC reported that being the central agency, GNHC coordinated the work but the work was implemented by another agency. Against the total amount of Nu.1.385 million, Nu.0.701 million was settled and balance amount of Nu.0.684 million remained unsettled. Further, the actual accountable person was reported at large.

It was decided that, GNHC should follow up in resolving this issue. Further PAC will discuss it with RAA for parking aside the issue.

The issue remained unresolved as the balance amount has not been settled as of 31 March 2022. Follow-up report was sent to the Commission vide letter No. RAA/FUCD(W25-GNHC)2021/229 dated 04/3/2021.

4.5. CORPORATIONS

4.5.1 Food Corporation of Bhutan Limited

Out of the total unsettled significant irregularities of Nu.8.013 million reported to the Parliament in October 2021, the irregularity of Nu.2.155 million had been settled as of 31 March 2022 leaving a balance of Nu.5.858 million as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	Percentage settled
1	Fraud, Corruption and Embezzlement	6.465	2.155	4.310	33.33
2	Mismanagement	0.268	-	0.268	-
3	Violation of Laws and Rules	-	-	-	-
4	Shortfalls, Lapses and Deficiencies	1.280	-	1.280	-
	Total	8.013	2.155	5.858	26.89

The detailed status of irregularities reported to the Parliament in October 2021, irregularities settled thereafter and the unsettled ones as on 31 March 2022 are as discussed below:

1. Fraud, Corruption and Embezzlement - Nu.4.310 million

1.1 Stock and Cash shortage - Nu.1.746 million

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

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

Status: Observation not settled. Out of Nu.2.441 million, the management had recovered Nu.0.695 million through Court and adjusted vide letter No. FCBL/SJ/ 08/2019/ 377 of 16/08/2019, letter No. FCBL/SJ/08/2018/61 of 05/02/2018 and letter No. FCB/SJ/08/2017/797 of 08/12/2017 leaving a balance of Nu.1.746 million. It is reported that management is still following up the recovery of balance amount of Nu. 1.746 million through the Phuntsholing Dungkhag Court.

1.2. Misappropriation and shortages in Nganglam Depot- Nu.2.564 million

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

Status: Observation partially settled. Out of Nu. 6.146 million the management had recovered Nu. 3.582 million through OAG leaving a balance of Nu. 2.564 million. The case is still with the ACC and OAG.

2. Mismanagement-Nu.0.268 million

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

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

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

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

3. Violation of Laws and Rules

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

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

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

4. Shortfalls, Lapses and Deficiencies-Nu.1.280 million

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

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

910110, CID No. 10905004493, Supervisory Accountability: Pema Wangchuk, Regional Manager, EID No. 910110, CID No. 10905004493).

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

This issue was deliberated in PAC consultative meeting held virtually on 7 Oct. 2021 where the Legal Officer of FCBL reported that there are two instances where mismatch in imports can take place. One instance can be a situation wherein the order is placed in present year (Example: December 2013) and the goods are received (imported) in another year (Example: January 2014). Another can be a situation wherein the goods imported and recorded at Regional Revenue and Custom Office (RRCO) is damaged, lost or fall short when it reaches FCBL warehouse.

In the case of double declaration, the imported rice (Monsoon rice) from Balaji was found to be of inferior quality and was rejected by FCBL and requested RRCO to delete the import entry. Before the consignment vehicle could reach RRCO the rice was inspected by BAFRA and declared that the rice meets the consumption quality and was again brought into FCBL's warehouse. The same rice (monsoon rice) was recorded as 551 rice in RRCO's import entry and hence resulting in double entry of the same product. However, FCBL approached RRCO to resolve this issue but no records were maintained with RRCO. Therefore, it couldn't be rectified.

FCBL also reported that both the entry of rice imported has the same quantity of rice and the number of the vehicle carrying the consignment is same. The differences between these two entries are the date difference of 2 days.

RAA stated that there is a need for an administrative action to be taken against the RRCO official who are responsible for such lapses. It was decided that RAA and FCBL should coordinate in requesting the management of RRCO to impose an administrative action against the official concerned for the lapses occurred and resolve the issue.

As per the FCBL response received vide letter No.FCB/CEO/AF/02/2021/131 dated 24/11/2021, FCBL management has requested RRCO, Thimphu to provide import data for fiscal year 2013 and 2020.

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

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

Status: Observation not settled. The case was reported under review by the OAG.

Legal Officer of FCBL reported that FCBL sold sugar to Drangchu Beverages on credit and was recorded in their system but was later deleted. As forwarded by the management, OAG initiated a legal action against the accountable person (IT Person) and the case is pending before the Dzongkhag Court, Chukha. At present the case has reached the judgement stage.

The PAC directed that FCBL should follow up with OAG and update RAA after the judgement is being passed by the court. However, the case remained status quo as of 31 March 2022.

4.5.2 Dungsam Cement Corporation Limited

Out of the total significant irregularities of Nu.22.603 million reported to the Parliament in October 2021, the Dungsam Cement Corporation Ltd. had not settled any irregularities as on 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	Percentage settled
1	Fraud, Corruption and Embezzlement	22.603	-	22.603	-
	Total	22.603	-	22.603	

The detailed status of irregularities reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 is as discussed below:

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

1.1. Embezzlement of company funds-Nu.22.603 million

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

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

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

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

Status: Observation not settled. DCCL has intimated the RAA vide letter No. DCCL/IA/(RAA-04)2021/2611 dated 19/08/2021 that the case against Jigme Tshewang has been appealed to the Supreme Court and the case is subjudice.

4.5.3 Natural Resources Development Corporation Limited

Out of the total unsettled significant irregularities of Nu. 0.657 million reported to the Parliament in October 2021, the Natural Resources Development Corporation Limited had not settled any irregularities as on 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	Percentage settled
1	Violation of Laws and Rules	0.237	-	0.237	-
2	Shortfalls, Lapses and Deficiencies	0.420	-	0.420	-
	Total	0.657	-	0.657	

The detailed status of irregularities reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 are as discussed below:

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

1.1 Non- termination of the Contract after stoppage of works

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

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

This issue was deliberated during the PAC consultative meeting held on 8 Sept. 2021 in NA conference hall, Thimphu where the Legal Officer of NRDCL reported that judgement was passed on 21 April 2021 directing the contractor to pay Nu. 420,156.19 to NRDCL within one month from the date of issue of the Court verdict. However, the contractor was reported missing and the amount could not be recovered.

The PAC directed NRDCL to initiate for enforcement of the judgement passed by the Supreme Court. Until such time that the judgement is implemented the issue shall remain unresolved.

The case remained unresolved as no further developments were reported to the RAA as of 31 March 2022.

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

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

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

This issue was deliberated during the PAC consultative meeting held on 8 Sept. 2021 in NA conference hall, Thimphu where the Legal Officer of NRDCL reported that judgment was passed on 21 April 2021 directing the contractor to pay Nu. 420,156.19 to NRDCL within one month from the date of issue of the Court verdict. However, the contractor was reported missing and the amount could not be recovered.

The PAC directed NRDCL to initiate for enforcement of the judgment passed by the Supreme Court. Until such time that the judgment is implemented the issue shall remain unresolved.

The case remained unresolved as no further developments were reported to the RAA as of 31 March 2022.

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

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

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

This issue was deliberated during the PAC consultative meeting held on 8 Sept. 2021 in NA conference hall, Thimphu where the Legal Officer of NRDCL reported that judgment was passed on 21 April 2021 directing the contractor to pay Nu. 420,156.19 to NRDCL within one month from the date of issue of the Court verdict. However, the contractor was reported missing and the amount could not be recovered.

The PAC directed NRDCL to initiate for enforcement of the judgment passed by the Supreme Court. Until such time that the judgment is implemented the issue shall remain unresolved.

The case remained unresolved as no further developments were reported to the RAA as of 31 March 2022.

1.4 Non-renewal of Bank Guarantee

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

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

This issue was deliberated during the PAC consultative meeting held on 8 Sept. 2021 in NA conference hall, Thimphu where the Legal Officer of NRDCL reported that judgment was passed on 21 April 2021 directing the contractor to pay Nu. 420,156.19 to NRDCL within one month from the date of issue of the Court verdict. However, the contractor was reported missing and the amount could not be recovered.

The PAC directed NRDCL to initiate for enforcement of the judgment passed by the Supreme Court. Until such time that the judgment is implemented the issue shall remain unresolved.

The case remained unresolved as no further developments were reported to the RAA as of 31 March 2022.

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

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

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

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

This issue was deliberated during the PAC consultative meeting held on 8 Sept. 2021 in NA conference hall, Thimphu where the Legal Officer of NRDCL reported that judgment was passed on 21 April 2021 directing the contractor to pay Nu. 420,156.19 to NRDCL within one month from the date of issue of the Court verdict. However, the contractor was reported missing and the amount could not be recovered.

The PAC directed NRDCL to initiate for enforcement of the judgment passed by the Supreme Court. Until such time that the judgment is implemented the issue shall remain unresolved.

The case remained unresolved as no further developments were reported to the RAA as of 31 March 2022.

4.6 FINANCIAL INSTITUTIONS

4.6.1 Royal Insurance Corporation of Bhutan

Out of the total unsettled significant irregularities of Nu.19.263 million reported to the Parliament in October 2021, the Royal Insurance Corporation of Bhutan had not settled any irregularities as on 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	Percentage settled
1	Fraud, Corruption & Embezzlement	-	-	-	-
2	Mismanagement	19.263	-	19.263	-
3	Violation of Laws and Rules	-	-	-	-
	Total	19.263	-	19.263	

The detailed status of irregularities reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 are as discussed below:

1. Fraud, Corruption & Embezzlement

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

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

Status: *Observation not settled. As per letter No. RICBL/IAD/09/2020/7889 dated 22/6/2020 the case is subjudice in the High Court.*

This issue was deliberated during the PAC consultative meeting held on 1 Sept. 2021 in NC conference hall, Thimphu where PAC directed RICBL to follow up with the Court to expedite the case.

However as no further developments were reported by the management the case remained status quo as of 31 March 2022.

2. Mismanagement – Nu.19.263 million

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

The Royal Insurance Corporation of Bhutan Limited, Corporate Office, Thimphu had invested Nu.100 million as bond redemption fund with M/s Nubri Capital Private Limited and later instead of cancelling the initial contract and revising the terms of investment as advised by the RMA, the Asset Liability Committee meeting held on 11th June, 2013 had discussed and considered as other investment. Had the Royal Insurance Corporation of Bhutan Limited cancelled the contract with M/s Nubri Capital Private Limited and invested the amount to loans and advances (Card loan bearing highest interest rate), it would have earned interest income of Nu.16.814 million. The case was forwarded to Anti-Corruption Commission. *(AIN: 13350; Observation 3.2; Accountabilities: Direct: Kinzang Dorji, GM, Credit and*

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

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

This issue was deliberated during the PAC consultative meeting held on 1 Sept. 2021 in NC conference hall, Thimphu where PAC directed RICBL to follow up with OAG to expedite the case.

Now the management has reported that the case has been forwarded to the Thimphu Dzongkhag Court Bench-I and it is subjudice there.

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

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

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

This issue was deliberated during the PAC consultative meeting held on 1 Sept. 2021 in NC conference hall, Thimphu where PAC directed RICBL to follow up with OAG to expedite the case.

Now the management has reported that the case has been forwarded to the Thimphu Dzongkhag Court Bench-I and it is subjudice there.

3. Violations of laws and rules

3.1. Non-production of contractual agreement

The Royal Insurance Corporation of Bhutan Limited, Corporate Office, Thimphu did not furnish contractual agreement to the audit team pertaining to the funds borrowed from M/s Nubri Capital Private Limited aggregating to Nu.11.309 million. In absence of legal document, the authenticity and

legality of the interest rates charged, terms of borrowing could not be ascertained. The case was forwarded to the Anti-Corruption Commission. *(AIN: 13350; Observation 4.2; Accountabilities: Direct: Pema Thinlay, Company secretary, CID No.10202000720, Yeshe Dorji, Supervisor, Finance & Accounts, CID No.10701000589 & Kinley Zangmo Dorji, Finance & Accounts, CID No.11410003005; Supervisory: Yeshe Jamtsho, GM, Finance and Accounts, CID No.10711001985).*

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

This issue was deliberated during the PAC consultative meeting held on 1 Sept. 2021 in NC conference hall, Thimphu where PAC directed RICBL to follow up with OAG to expedite the case.

Now the management has reported that the case has been forwarded to the Thimphu Dzongkhag Court Bench-I and it is subjudice there.

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

The Royal Insurance Corporation of Bhutan Limited, Corporate Office, Thimphu had invested Nu.100 million as bond redemption fund with M/s Nubri Capital Private Limited in violation of Article III, Section 14.A (Redemption Fund) of the company Registration Division's Regulations for issue of Corporate Bond, 2012 and Sub Section B and sub section 7 (iii) of the regulations for fund management company, 2011. The case was forwarded to the Anti-Corruption Commission. *(AIN: 13350; Observation 3.1; Accountabilities: Direct: Kinzang Dorji, GM, Credit and Investment, CID No.11805002787, Karma Sonam, GM, Life insurance, CID No. 11908001068, Yeshe Jamtsho, GM, Finance and Accounts, CID No.10711001985, Sangay Wangdi, GM, General Insurance, CID No.11908001068, Pema Thinlay, Company Secretary, CID No.10202000720, Ugyen Tshewang, GM, Financial Securities Service, CID No.10702001725, Yeshe Dorji, Supervisor, Finance & Accounts, CID No.10701000589 & Kinley Zangmo Dorji, Finance and Accounts, CID No.10701000589; Supervisory; Namgay Lhendup, CEO, CID No.1174000003 & Sonam Dorji, ED, CID No.10711001789).*

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

This issue was deliberated during the PAC consultative meeting held on 1 Sept. 2021 in NC conference hall, Thimphu where PAC directed RICBL to follow up with OAG to expedite the case.

Now the management has reported that the case has been forwarded to the Thimphu Dzongkhag Court Bench-I and it is subjudice there.



REVIEW REPORT OF ANNUAL AUDIT REPORT 2016

(Status as on 31 March 2022)

ROYAL AUDIT AUTHORITY

PART-I Summary of Review Report of AAR 2016

The Royal Audit Authority had submitted the review report of Annual Audit Report 2016 to the 6th Session of the Third Parliament in October 2021. The Review Report had total significant unsettled irregularities of Nu.45.599 million consisting of Nu.41.306 million against budgetary agencies and Nu.4.293 million against Non-Budgetary Agencies as on 30 Sept. 2021.

The RAA had conducted numerous follow-up at various levels in line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018 and subsequently, irregularities amounting to Nu. 4.241 million against Budgetary Agencies were resolved, however, no irregularities were resolved against the Non-budgetary Agencies as on 31 March 2022 as shown in table below.

Table: Showing agency wise irregularities settled and balances as on 31 March 2022.

Sl. No.	Agencies	Unsettled irregularities last reported as on 30/09/2021 (Nu.in Million)	Irregularities Settled as on 31/03/2022 (Nu.in Million)	Balance irregularities as on 31/03/2022 (Nu.in Million)	Percentage of irregularities settled as on 31/03/2022
1	Ministries	16.798	3.148	13.650	18.74
2	Dzongkhags	0.816	-	0.816	0.00
3	Gewogs	0.497	-	0.497	-
4	Autonomous Agencies	23.195	1.093	22.102	4.71
Total Budgetary Agencies-A (1to4)		41.306	4.241	37.065	10.27
5	Corporations	3.434	-	3.434	-
6	Financial Institutions	0.859	-	0.859	-
Total Non-Budgetary Agencies-B (5 to 6)		4.293	-	4.293	-
Grand Total (A+B)		45.599	4.241	41.358	9.30

As transpired from table above, out of the total unsettled irregularities of Nu.45.599 million reported unsettled as of 30 Sept. 2021, irregularities amounting of Nu.4.241 million were settled leaving a balance of Nu.41.358 million as on 31 March 2022. The detail report of irregularities resolved and outstanding ones as of 31 March 2022 are given below.

PART-II DETAILED REVIEW REPORT

4.1 MINISTRIES

4.1.1. Ministry of Works & Human Settlement

The Ministry of Works & Human Settlement had unsettled significant irregularities of Nu.0.087 million reported to the Parliament in October 2021. The irregularities remained unsettled as on 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	% settled
1	Mismanagement	-	-	-	-
3	Shortfalls, lapses and deficiencies	0.087	-	0.087	
	Total	0.087	-	0.087	

The detailed status of unsettled irregularities reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 are as discussed below:

1. Mismanagement

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

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

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

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

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

Status: Observation not settled.

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

During the PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu, the MoWHS reported that Contractor had refused to pay the balance amount of Nu. 7.500 million and Ministry had appealed to High Court for enforcement of judgement. However, the case remained unsettled as of 31 Aug. 2021.

This issue was redeliberated during the PAC consultative meeting held on 31 Aug. 2021 in NC conference hall, Thimphu where the Director General of DoR reported that, all the due process were followed for the recovery of the amount from the contractor. The case went through arbitration process, High Court and then to Supreme Court. Supreme Court directed the contractor to pay the amount in two installments. As per the decision of the Supreme Court, the contractor deposited the first installment but failed to deposit the second installment. Upon the failure of the contractor to deposit the second installment, MoWHS filed for an enforcement of the judgement passed by Supreme Court. However, it was reported that the contractor had filed petition before the Office of Gyalpoi Zimpon(OGZ) vide letter No. GC/HMS/02072020/01 dated 2 July 2020 and the decision for the same is awaited.

Therefore, the observation remained unresolved as the decision from the office of the Gyalpoi Zimpon is awaited.

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

3.3 Outstanding Advances - Nu.0.087 million

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

Status: Observation not settled. A sum of Nu.87,348.00 remained unsettled against M/s Yangchen Construction, Lhuentse. DoR, Lingmethang had forwarded the case to the Court.

The issue was deliberated during the PAC consultative meeting held on 31 Aug. 2021 in NC conference hall, Thimphu where the Director General of DoR reported that, the contract was terminated and the contractor was directed to pay Nu. 87,000/- as penalty. Upon failure of the

contractor to pay the amount, the management had filed a case in the court of law and the court directed the contractor to pay Nu. 221,000/-. The management followed up for enforcement of the judgement but was not successful in doing so as there was no judge in Pemagatshel Court. However, at present a new judge has been appointed and the management will follow up for the enforcement of the judgement.

The PAC directed MoWHS to follow up with the Court for the enforcement of judgement and recover the amount by 31 March 2022.

However, the issue remained unresolved as of 31 March 2022 as the said amount was not recovered.

4.1.2. Ministry of Information & Communications

The Ministry of Information & Communications had unsettled irregularity of Nu.0.278 million reported to the Parliament in October 2021. The irregularity remained unsettled as on 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	% Settled
1	Shortfalls, lapses and deficiencies	0.278	-	0.278	-
	Total	0.278	-	0.278	-

The detailed status of unsettled irregularity reported to the Parliament in October 2021, which remained unsettled as on 31 March 2022 is as discussed below:

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

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

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

Status: Observation not settled. PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu directed the Department to recover the balance amount within 1st December, 2019 and share the update with RAA. However, the RAA was yet to receive the said amount as of 31 Aug. 2021.

The issue was redeliberated during the PAC consultative meeting held on 31 Aug. 2021 in the NC conference hall, Thimphu where the Ministry reported that the amount could not be recovered from the contractor as of date due to various reasons. The PAC directed the Ministry to take action on or before 30 Sept.2021 and report to the RAA.

However, the observation remained unsettled as the amount was not recovered as of 31 March 2022.

4.1.3 Ministry of Agriculture and Forests

Out of the total unsettled significant irregularities of Nu.5.653 million reported to the Parliament in October 2021, the Ministry of Agriculture and Forests had settled irregularities of Nu.3.148 million leaving a balance of Nu.2.505 million as on 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	% Settled
1	Fraud, Corruption & Embezzlement	0.260	0.260	-	-
2	Violation of laws and rules	2.689	2.689	-	100
3	Shortfalls, lapses and deficiencies	2.704	0.199	2.505	7.36
	Total	5.653	3.148	2.505	55.69

The detailed status of unsettled irregularities reported to the Parliament in October 2021; the irregularities settled thereafter and unsettled balances as on 31 March 2022 are as discussed below:

1. Fraud, Corruption & Embezzlement

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

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

Status: *Observation not settled. The case was reported sub judice in Dzongkhag Court, Gasa as on 15/11/2019.*

The issue was deliberated during PAC consultative meeting held on 3 Sept. 2021 in NA conference hall, Thimphu where the Legal Officer of MoAF reported that the accountable person has been convicted for fraud and corruption. However, he has appealed before the larger bench. It was

reported that the ministry has received a receipt of payment by Karma from OAG for the observation, however, the details are not clear which needs to be discussed with the RAA. The PAC directed that Ministry and RAA should coordinate in verifying the payment receipt and decide on the same accordingly by 30 Sept. 2021.

As per the letter No. MoAF/LD/24/2021-22/39 dated 28 Sept. 2021 from the Ministry of Agriculture Nu.261,000/- was recovered from Karma, Site Engineer through demand draft number 000357 dated 25 August 2016 and deposited into Government Revenue Account vide Revenue Receipt No.2265714 dated 12 Sept. 2016. However, the issue remained un-settled as the case is still under trial in the High Court where Karma is being prosecuted for criminal offence of forgery and abuse of functions.

2. Violation of laws and rules

2.2 Wrong booking of expenditure – Nu. 2.689 million

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

Status: Observation settled. The observation has been settled based on the submission of final reconciled financial statement report jointly prepared till 30 June 2018 by JDNP & BTFEC and submitted to the World Bank as intimated vide letter No. BTFEC/Fin-1B/2019-20/283 dated 12 Dec. 2019.

3. Shortfalls, lapses and deficiencies – Nu.2.505million

3.12 Outstanding Advances - Nu. 2.505 million

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

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

This issue was redeliberated during the PAC consultative meeting held on 3 Sept. 2021 in NA conference hall, Thimphu where the Director, Department of Forest & Park Services reported that, they tried to resolve the issue amicably but the accountable persons failed to comply with the same. The Ministry has exhausted all means to resolve the issue. Therefore, the Ministry has decided to take legal actions on the same. As such it was decided that the Ministry should take legal recourse for resolving the issue.

However, the issue remained unsettled as the balance amount of Nu. 0.838 million reported last was not settled as of 31 March 2022.

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

Status: *Observation not settled. During the recent follow up, the RAA has recommended to deposit the 10% retention money into Audit Recoveries Account beside furnishing a copy of final adjustment voucher for adjustment of Nu.632,400.00. PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu also instructed the Ministry to resolve the issue within December 2019. However, it remained unsettled as of 3 Sept. 2021.*

This issue was redeliberated during the PAC consultative meeting held on 3 Sept. 2021 in NA conference hall where the ministry reported that whereabouts of the contractor was unknown. It was stated that the payment to be made to the contractor is more than the amount to be recovered from him. Since the Ministry couldn't get the budget head for the adjustment of fund from Ministry of Finance the accounts couldn't be reconciled. It was decided that Ministry should discuss with Department of Agriculture and submit the status report to RAA latest by 30 Sept. 2021.

However, the observation remained unsettled as no further progress was reported by the Ministry as of 31 March 2022.

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

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

This issue was redeliberated during the PAC consultative meeting held on 3 Sept. 2021 in NA conference hall, Thimphu where the Director, Department of Forest & Park Services reported that, they tried to resolve the issue amicably but the accountable persons failed to comply with the same. The Ministry has exhausted all means to resolve the issue. Therefore, the Ministry has decided to take legal actions on the same. As such it was decided that the Ministry should take legal recourse for resolving the issue.

Subsequently, out of the total outstanding of Nu.1.066 million; Nu.0.199.00 million was settled based on the adjustment details submitted by the Ministry leaving a balance of Nu.0.867 million unsettled as of 31 March 2022.

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

Status: Observation not settled as the amount of Nu.0.410 million was adjusted/ dropped vide follow-up report No. RAA/OAAG(T)FUS-02/2017-2018/619 of 15/12/2017 and letter No. UWICER/Th-03/2019/113 of 15.03.2019 leaving a balance of Nu. 0.168 million.

PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu instructed MoAF to hold meeting with Jigme Dorji National Park in presence of accountable officials within December 2019 to resolve the observation. The Ministry was also informed that PAC might draw special attention of the Hon'ble Members in the upcoming winter session of the Parliament on such long pending issues including naming and shaming.

This issue was redeliberated during the PAC consultative meeting held on 3 Sept. 2021 in NA conference hall where the Director, Department of Forest & Park Services reported that they tried to resolve the issue amicably but the accountable persons failed to comply with the same. The Ministry has exhausted all means to resolve the issue. Therefore, the Ministry has decided to take legal actions on the same. As such it was decided that the Ministry should take legal recourse for resolving the issue.

However, as no further developments were reported by the Ministry the unsettled balance of Nu.0.168 million reported last remained as it is as of 31 March 2022.

4.1.5. Ministry of Finance

The Ministry of Finance had significant irregularity of Nu.4.115 million reported to the Parliament in October 2021. The irregularity remained unsettled as of 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	% Settled
1	Mismanagement	4.115	-	4.115	0
	Total	4.115	-	4.115	

The detailed status of unsettled irregularity reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 is as discussed below:

1. Mismanagement - Nu. 4.115 million

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

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

Status: Observation not settled. As per the letter No.RRCO/PL/Adm-20/2019-2020/964 dated 27/08/2019 the case was subjudice in the High Court.

This issue was deliberated during the PAC consultative meeting held on 6 Sept. 2021 in NA conference hall where the Legal Officer of MoF reported that, after the assessment process all appeal procedure was completed. However, the case was appealed to the larger bench of the High Court by the businessman and the decision of the larger bench awaited. Therefore, the matter remained unresolved being sub judice.

The case remained unresolved as no further developments were reported as of 31 March 2022.

4.1.6. Ministry of Education

The Ministry of Education had significant irregularity of Nu.6.665 million reported to the Parliament in October 2021. It remained unsettled as on 31 March 2022 as summarized below.

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	% Settled
1	Fraud, Corruption & Embezzlement	6.665	-	6.665	-
	Total	6.665	-	6.665	-

The detailed status of unsettled irregularity reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 is as discussed below:

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

1.1 Serious misrepresentation of facts - Nu. 6.665 million

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

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

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

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

Status: Observation not settled. The case was forwarded to ACC vide letter No. RAA/AG-SP/16/2017-18/232 dated 01/11/2017 after the joint site visit by the officials of RAA and the Ministry of Education. As per the letter No.ACC/DoI-III/Case-04/2018/1058 dated 27/08/2018, investigation was concluded and case forwarded to Office of the Attorney General for prosecution and now the case was reported to be subjudice in the Dzongkhag Court, Lhuntse.

The issue was deliberated during the PAC consultative meeting held on 31 Aug. 2021 in the NC conference hall Thimphu where the Ministry of Education had informed the house that the case was still subjudice in the Lhuntse Dzongkhag Court. Therefore, it was decided to wait for pronouncement of the verdict, however, the PAC directed the Ministry to follow up the case for update and inform the RAA and the PAC about its progress.

The case remained status quo as no further developments were reported as of 31 March 2022.

4.2 DZONGKHAGS

4.2.3. Dzongkhag Administration, Pemagatshel

The unsettled irregularities of Nu.0.102 million reported to the Parliament in October 2021 remained unresolved as on 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	% Settled
1	Shortfalls, lapses and deficiencies	0.102	-	0.102	-
	Total	0.102	-	0.102	

The detailed status of unsettled irregularity reported to the Parliament in October 2021 which unsettled as on 31 March 2022 is discussed as below:

1. Shortfalls, lapses and deficiencies – Nu. 0.102 million

1.2 Excess payment Nu. 0.102 million

- a) The Dzongkhag Administration, Pemagatshel had made excess payment of Nu.0.220 million to contractor for the construction of 2-units classroom at Tsatsi Primary School under Nanong Gewog. The excess payment had occurred due to non-deduction of advances from the preceding running bills. (AIN: 13501; Para 4.1; Accountabilities Direct: Yezer, Ex.FO, EID No. 200901068; Supervisory: Tshewang Jurmey. AE, EID No. 200807184).

Status: Observation not settled. Out of the total amount of Nu.0.220 million reported; Nu.0.118 million was recovered leaving a balance of Nu.0.102 million.

This issue was deliberated during the PAC consultative meeting held on 2 Aug. 2021 in the DYT hall of Trashigang Dzongkhag and the Dzongkhag Adm. Pemagatshel reported that the remaining irregularities of Nu. 102,000/- was supposed to be resolved by Yoezer (former finance officer), who has committed the default. However, accountability was fixed against Kinley Wangdi for the whole amount. Hence, it was requested to RAA that the accountability to be shifted to Yoezer. It was also reported that Yoezer was currently working as a finance officer under the Ministry of Economic Affairs. Further, it was shared that the dzongkhag administration couldn't resolve this issue as they have been waiting for confirmation from RAA as to shifting of accountability.

The RAA explained that in general shifting of accountability is restricted. However, it can be done if agreed by another party backed by evidences and reasoning justifying the same. In this issue the accountability has been transferred to Yezer. It was also informed that as per the Financial Rules & Regulation, it is mandated to file a case with the court of law after one year of pendency of an irregularity but the dzongkhag administration has failed to do so even after several years of lapse. The PAC directed the Dzongkhag to initiate recovery of the amount on or before 31 Aug. 2021 if not take legal recourse.

However, as no further developments were reported by the Dzongkhag the case remained unresolved as of 31 March 2022.

4.2.4. Dzongkhag Administration, Chhukha

The unsettled balance irregularity of Nu.0.492 million reported to the Parliament in October 2021 remained unresolved as on 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	% Settled
2	Shortfalls, lapses and deficiencies	0.492	-	0.492	-
	Total	0.492	-	0.492	

The detailed status of unsettled irregularity reported to the Parliament in October 2021 which remained unresolved as on 31 March 2022 is discussed as below:

2. Shortfalls, lapses and deficiencies – Nu. 0.492 million

2.1 Excess payments - Nu. 0.492 million

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

Status: Observation not settled. The unsettled balance of Nu.0.492 million reported as on 13 Sept. 2021 remained as it is as of 31 March 2022.

This issue was deliberated during the PAC consultative meeting held on 13 Sept.2021 in NA conference hall, Thimphu where Dasho Dzongrab reported that, initially Court refused to register the case due to improper address of the accountable person. However, it was followed up and

registered in the Court of law. As of now, the case has reached the evidence stage. It was stated that Churamuni Bhattarai isn't cooperating as he has already received audit clearance and has claimed his retirement benefits.

It was decided that this issue remains status quo until submission of verdict from the court of law by the Dzongkhag Administration to RAA.

4.2.5. Dzongkhag Administration, Dagana

Out of the total unsettled significant irregularities of Nu.3.370 million reported to the Parliament in October 2021, the Dzongkhag Administration, Dagana had settled all the amount. However, one issue remained unsettled as 24% penal interest on late deposit of the amount was not recovered as on 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	% Settled
2	Shortfalls, lapses and deficiencies	-	-	-	-
	Total	-	-	-	

The detailed status of unsettled irregularities reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 is as discussed below:

2. Shortfalls, lapses and

2.1 Excess payment

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

Status: *Observation not settled. The principal amount of Nu.0.039 million was deposited vide receipt No.A00620 dated 6/8/2021, however, the accumulated 24% p.a. penal interest of Nu.1,732.87 remained unsettled.*

This issue was deliberated during the PAC consultative meeting held on 9 Aug. 2021 at RAA, PDC Tsirang and the Dzongkhag Administration, reported that actual amount of Nu.38,500/- was deposited vide receipt No A00620 of 6/8/2021 by the supplier as soon as he was informed about the memo. Only the penalty part remained un-resolved as the supplier was informed only when he was instructed to join Dagana Dzongda to attend PAC's consultative meeting on audit issues. It was decided that, Dagana Dzongkhag Administration in consultation with RAA should discuss on amount of penalty to be charged to the supplier and report the same to RAA by 31 Aug. 2021.

The RAA deliberated the issue in the 9th Follow up Committee Meeting held on 6 Oct. 2021 and as the lapse was found to be on the part of the Chief DEO and the Principal the committee decided to ask the Dzongkhag Administration to take appropriate administrative action against the official. Until such action is taken the observation shall stand.

However, as no further action taken report was received by the RAA the issue remained unresolved as of 31 March 2022.

4.2.8. Dzongkhag Administration, Haa

The unsettled balance irregularity of Nu.0.026 million reported to the Parliament in October 2021 remained unsettled as on 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	% Settled
1	Shortfalls, lapses and deficiencies	0.026	-	0.026	-
	Total	0.026	-	0.026	

The detailed status of unsettled irregularity reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 is as discussed below:

1. Shortfalls, lapses and deficiencies – Nu. 0.026 million

1.1 Outstanding advances – Nu. 0.026 million

The Dzongkhag Administration, Haa had overdue outstanding advances of Nu.0.746 million against the officials (Nu.0.057 million) and parties (Nu.0.707) for the financial years 2010-2015. (AIN: 13489; Para 2; Accountabilities: Direct: Sonam Wangchuk, DSO, EID. No. 200508097. Supervisory: Sonam Wangmo, AAO, EID. No.201101056, Sonam Wangdi, Dzongdag, EID. No.8607100).

Status: Observation not settled. Out of Nu.0.078 million; Nu.0.052 million was settled leaving a balance of Nu.0.026 million as of 10 Sept. 2021.

This issue was deliberated during the PAC consultative meeting held on 10 Sept. 2021 in NA conference hall, Thimphu where the Internal Auditor of the Dzongkhag reported that they followed up with the accountable person and could recover amounts from Tashi Dorji and Ugyen Tshering, however, Nu.26, 238.25 against Sonam Wangchuk remained unsettled. Sonam Wangchuk has acknowledged to pay the principal amount but requested to waive off the interest. Sonam Wangchuk is currently serving under the Dzongkhag Administration, Gasa.

The PAC directed the Dzongkhag Administration, Haa to coordinate with Dzongkhag Administration, Gasa to follow up with Sonam Wangchuk and recover the amount or take legal recourse for the same by 30 Sept. 2021.

However, the Dzongkhag did not submit any further action taken report to the RAA. As such the unsettled balance of Nu.0.026 million remained as it is as of 31 March 2022.

4.2.9. Dzongkhag Administration, Punakha

The Dzongkhag Administration had unsettled irregularity of Nu.0.168 million reported to the Parliament in October 2021. It remained unsettled as on 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	% Settled
1	Shortfalls, lapses and deficiencies	0.168	-	0.168	-
	Total	0.168	-	0.168	

The detailed status of unsettled irregularity reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 is as discussed below:

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

1.1 Excess payment- Nu.0.168 million

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

Status: *Observation not settled. RAA was informed vide letter No. DAP/Finance /06/2018-2019/2618, dated 11/09/2019, that Dzongkhag Administration was not able to contact the Site Engineer since he was terminated from service.*

The issue was deliberated during the PAC consultative meeting held on 13 Aug. 2021 in the DYT hall of Punakha Dzongkhag where LB Chhetri, AE, who was stated to have been terminated from the service had attended the meeting and in contrary to the statement made by the Dzongkhag Adm. LB Chhetri stated that he was not terminated from his job but had voluntarily resigned after a conflict with Dzongdag. But his employment status in RCSC was still active and his retirement benefits not claimed yet. Further, he acknowledged his mistakes for not turning up to resolve the issue so far. He also expressed that the excess payment was made to the contractor as the contractor had submitted two bills (original and duplicate copy). The management overlooked while making the final bill payment and made payment for both the bills resulting in excess payments. Later LB Chhetri tried to follow up with the contractor to recover the excess payments but the contractor had gone out of the country.

The RAA stated that the observation remained unresolved because the Dzongkhag could not contact the Site Engineer. However, now as the Site Engineer, LB Chhetri has come forward and attended the meeting the Dzongkhag should initiate resolving the issue. The PAC directed the Dzongkhag Adm. to take appropriate course of action with regard to employment status of L.B. Chhetri in consultation with RCSC and resolve the issue by 31 Aug. 2021.

However, the case remained unresolved as no further action taken report was submitted to the RAA by the Dzongkhag as of 31 March 2022.

4.2.11. Dzongkhag Administration, Gasa

The Dzongkhag Administration, Gasa had unsettled significant irregularity of Nu.0.028 million reported to the Parliament in October 2021. It remained unsettled as on 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	% Settled
1	Shortfalls, lapses and deficiencies	0.028	-	0.028	-
	Total	0.028	-	0.028	

The detailed status of unsettled irregularity reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 is as discussed below:

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

1.1 Double payment - Nu. 0.028 million

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

Status: Observation not settled. Out of the total amount of Nu.0.058 million; Nu.0.030 million was deposited leaving a balance of Nu.0.028 million as of 12 Aug. 2021.

This issue was deliberated during the PAC consultative meeting held on 12 Aug. 2021 in DYT hall of Punakha Dzongkhag where the Dzongkha Adm. Gasa reported that the balance amount was not settled as Sonam Wangchuk, Accountant was compulsorily retire without any retirement benefits. The PAC directed the Dzongkhag Adm. to submit documents with regard to compulsory retirement of Sonam Wangchuk to RAA by 31 Aug. 2021 for review and appropriate decision.

However, the issue remained unresolved as the Dzongkhag did not submit any further action taken report to the RAA as of 31 March 2022.

4.2.13. Dzongkhag Administration, Thimphu

One unsettled irregularity under shortfalls, lapses and deficiencies was reported to the Parliament in October 2021. It remained unsettled as on 31 March 2022 as discussed below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	% Settled
1	Shortfalls, lapses and deficiencies	-	-	-	
	Total	-	-	-	

The detailed status of irregularity reported to the Parliament in October 2021 which remained unsettled as of 31 March 2022 is as discussed below:

1. Shortfalls, lapses and deficiencies

1.1 Outstanding Advances

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

Status: Observation not settled as the accumulated 24% pa penalty of Nu. 55,438.96 had not been realized although the principal amount was deposited. The Contractor had submitted a letter of petition dated 4 June, 2021 for waiver off penalty accrued Nu. 55,438.96 till 15/6/2018 for the delay of deposit of principal amount.

This issue was deliberated during the PAC consultative meeting held on 10 Sept. 2021 in NA conference hall, Thimphu and the direct accountable person Chandra M Panda (Accountant) reported that he had been following up with the contractor for almost five years but failed to recover the same. Therefore, the RAA was requested to waive off the interest amount.

The RAA stated that it has no authority to waive off the penalty merely on the waiver request. However, there is a room for consideration if the contractor is declared bankrupt. The PAC directed the Dzongkhag Administration, Thimphu and RAA to have a bilateral meeting on waiver of the interest and inform the decision by 31 March 2022. The Dzongkhag Administration, Thimphu should submit relevant documents (current status of the contractor with the Construction Development Board) supporting their appeal to waive off the interest amount to RAA for review and appropriate decision.

However, the issue remained unresolved as no further reports were submitted by the Dzongkhag as of 31 March 2022.

4.3 GEWOGS

4.3.1. Gewogs Administration under Chhukha

IV. Phuentshogling Gewog

One unsettled significant irregularity under shortfalls, lapses and deficiencies was reported to the Parliament in October 2021, the Gewog Administration had not settled the same as on 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	% Settled
2	Shortfalls, lapses and deficiencies	-	-	-	
	Total	-	-	-	

The detailed status of unsettled irregularity reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 is discussed as below:

2. Shortfalls, lapses and deficiencies

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

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

Status: Observation not settled. As per the PAC consultative meeting held at Samtse from 30/09/19 – 02/10/19, the Gewog Administration was instructed to submit the documents relating to transfer of ownership to RAA after they receive thram from National Land Commission.

However, no progress had been reported as of 31 March 2022.

4.3.3. Gewogs Administration under Bumthang

II. Ura Gewog

The Gewog Administration Ura had unsettled irregularity of Nu.0.365 million reported to the Parliament in October 2021. It remained unsettled as on 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	% Settled
1	Shortfalls, lapses and deficiencies	0.365	-	0.365	0
	Total	0.365	-	0.365	

The detailed status of unsettled irregularity reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 is as discussed below:

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

1.1 Outstanding Advances - Nu. 0.365 million

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

Status: Observation not settled. The issue was deliberated during the PAC consultative meeting held on 5 Aug.2021 in the DYT hall of Trongsa Dzongkhag where the Gewog Adm. reported that former Gup expired before the amount could be recovered. When present Gup joined the service, ADM was transfers and Mangmi had resigned. Upon approaching the family members of the deceased to recover the amount from them, it was found that they were financially unstable. Therefore, it was requested that this issue to be given consideration.

RAA stated that it is important to identify for what purpose the advances were released. Whether it was a personal advance or an advance released for some official works (like construction purposes) to be carried out. If the advance was released for a construction purpose, this issue can be dropped backed by the evidence of the works being completed and the documentation of the same.

The PAC directed the Gewog Administration to figure out for what purpose the advance was released and resolve this issue accordingly and update RAA by 31 Aug. 2021.

However, the observation remained unresolved as the recommend actions were not taken by the Gewog as of 31 March 2022.

4.3.5. Gewogs Administration under Trongsa

I. Korphoog Gewog

The Gewog Administration had unsettled irregularity of Nu.0.097 million reported to the Parliament in October 2021. The Gewog had not settled the same as on 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	% Settled
1	Shortfalls, lapses and deficiencies	0.097	-	0.097	-
	Total	0.097	-	0.097	

The detailed status of unsettled irregularity reported to the Parliament in October 2021, which remained unsettled as on 31 March 2022 is discussed as below:

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

2.1 Excess payment to community contractor – Nu. 0.097 million

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

Status: *Observation not settled. The unsettled balance of Nu.97,598.01 reported last had not been realized as on 5 Aug.2021.*

The issue was deliberated during the PAC consultative meeting held on 5 Aug. 2021 in the DYT hall of Trongsa Dzongkhag where the Gewog Adm. reported that the remaining amount of Nu.97,598.01 couldn't be recovered from the contractor. The case was forwarded to the Dzongkhag legal officer but has been pending as there is no legal officer in the Dzongkhag as of now. The PAC directed the Gewog Adm. to initiate legal action and update RAA by 31 Aug. 2021.

However, no further action taken report was submitted by the Gewog to the RAA as of 31 March 2022.

4.3.10. Gewog Administration under Lhuentse

I. Gangzur Gewog

The Gewog Administration, Gangzur had unsettled significant irregularity of Nu.0.035 million reported to the Parliament in October 2021. It remained unsettled as on 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	% Settled
1	Fraud, Corruption & Embezzlement	0.035		0.035	-
	Total	0.035	-		

The detailed status of irregularity reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 is as discussed below:

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

1.1 Misuse of revenue - Nu. 0.035 million

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

Status: *Observation not settled. As per the PAC consultative meeting held at Samdrupjongkhar from 27 to 28/09/19, RAA agreed to discuss the issue in the bilateral meeting with ACC and convey the decision to Gewog Administration and PAC.*

This issue was redeliberated during the PAC consultative meeting held on 3 Aug. 2021 in the DYT hall of Trashigang Dzongkhag where the Gewog Adm. reported that Karma Tshewang, former Gaydrung misused the fund from the Gewog's CD A/c by forging the signature of Gup. As soon as the Gewog Adm. knew about the issue, they filed a case against the defaulter and the court directed the defaulter to pay an amount of Nu. 35,000/- and directed to initiate a corruption charge as it was a case of embezzlement. Then the issue was forwarded to ACC.

The RAA reported that, upon consultation with ACC it was decided that since the amount involved was very small it was felt that no separate investigation was required to be carried out by ACC and the decision was made to settle the case as per the investigation conducted by RAA. The PAC advised the Gewog Adm. to submit verdict passed by the court to the RAA besides recovering the amount on or before 31 Aug.2021 besides imposing administrative action against him for the act of fraud.

However, the observation remained unsettled as the Gewog Administration did not take any further action as of 31 March 2022. A reminder letter was served to Gewog vide letter No.RAA/BT/Fus-01/2021/458 dated 25/03/2021.

4.4 AUTONOMOUS AGENCIES

4.4.1. Royal University of Bhutan

Out of the total unsettled significant irregularities of Nu.19.796 million reported to the Parliament in October 2021, the Royal University of Bhutan had settled Nu.0.621 million leaving a balance of Nu.19.175 as on 31 March 2022 as summarized in the table below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	% Settled
1	Mismanagement	3.357	0.621	2.736	18.50
2	Violations of laws and rules	3.138	-	3.138	-
3	Shortfalls, lapses and deficiencies	13.301	-	13.301	-
	Total	19.796	0.621	19.175	3.14

The detailed status of unsettled irregularities reported to the Parliament in October 2021, irregularities settled thereafter and the unsettled ones as on 31 March 2022 are as discussed below:

2. Mismanagement – Nu. 2.736 million

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

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

Status: *Observation not settled. As per the letter No.FTM/Adm/10/2018-19/338 dt.28/9/2018 a case was filed against M/s Jachung Builders at Bhutan Alternate Dispute Resolution Centre (ADRC). Later it was further informed that the case reached the High Court and verdict pronounced on 30/12/2019, however, the verdict has not been enforced. The RAA as issued Follow-up Report vide RAA/FUCD(W37-FoTM)2021/2284 dt. 07/12/2021.*

2.2 Non-collection of Tuition Fees

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

Status: *Observation settled vide ref. letter N. CNR/ACC-10/2021-2022/4471 date 09/09/2021.*

3. Violations of laws and rules – Nu. 3.138 million

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

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

Status: *Observation not settled. As per the letter No.FTM/Adm/10/2018-19/338 dt.28.9.2018 the case was filed against M/s S.D.K Consultancy at Bhutan Alternate Dispute Resolution Centre (ADRC).*

This issue was deliberated during the PAC consultative meeting held on 7 Sept. 2021 in NA conference hall, Thimphu where RUB reported that the cases were pending before Phuntsholing Dungkhag Court for enforcement and the deadline for the enforcement of the judgement was 30 Sept. 2021. Further, it was stated that the legal officers were following up with the Court for enforcement of the judgements and the recovery shall be made as per the judgement passed by the court.

It was decided that RUB should follow up for enforcement of judgement under intimation to RAA.

Subsequently, the RUB has reported that the High Court has passed a verdict on 30/12/2019 and the enforcement of the verdict was still pending. The RAA has sent a Follow-up Report vide RAA/FUCD(W37-FoTM)2021/2284 dt. 07/12/2021.

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

The Royal University of Bhutan had made inadmissible payments of Nu.0.318 million to contractor for not providing items as specified in the GoI funded Project “Construction of Academic, Library, MPH, 100 Bedded Hostel, Provost Quarter and Site Development Works”. Instead of providing and fixing ‘anodized aluminum section for door framing’ the item was substituted with the ‘flush door shutter in timber framing’. There was no prior approval of competent authority/client for changing the specification and there were no changes in the

rates for items of work claimed. (AIN: 14188; Para: 8; Accountabilities Direct: Rinchen Pasang, Engineer, CID No. 11211000310; Supervisory: Tendrel Wangdi, Dean, EID No. 9511043)

Status: Observation not settled. As per the letter No.FTM/Adm/10/2018-19/338 dt.28.9.2018 the case was filed against M/s Jachung Builders at Bhutan Alternate Dispute Resolution Centre (ARDC).

This issue was deliberated during the PAC consultative meeting held on 7 Sept. 2021 in NA conference hall, Thimphu where RUB reported that the cases were pending before Phuntsholing Dungkhag Court for enforcement and the deadline for the enforcement of the judgment was 30 Sept. 2021. Further, it was stated that the legal officers were following up with the Court for enforcement of the judgements and the recovery shall be made as per the judgement passed by the court.

It was decided that RUB should follow up for enforcement of judgement under intimation to RAA.

Subsequently, the RUB has reported that the High Court has passed a verdict on 30/12/2019 and the enforcement of the verdict was still pending. The RAA has sent a Follow-up Report vide RAA/FUCD(W37-FoTM)2021/2284 dt. 07/12/2021.

3.8 Change of consultant's key personnel with lower qualification

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

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

Status: Observation not settled. As per the letter No.FTM/Adm/10/2018-19/338 dt.28.9.2018 the case was filed against M/s Jachung Builders at Bhutan Alternate Dispute Resolution Centre (ADRC).

This issue was deliberated during the PAC consultative meeting held on 7 Sept. 2021 in NA conference hall, Thimphu where RUB reported that the cases were pending before Phuntsholing Dungkhag Court for enforcement and the deadline for the enforcement of the judgment was 30 Sept. 2021. Further, it was stated that the legal officers were following up with the Court for enforcement of the judgements and the recovery shall be made as per the judgement passed by the court.

It was decided that RUB should follow up for enforcement of judgement under intimation to RAA.

Subsequently, the RUB has reported that the High Court has passed a verdict on 30/12/2019 and the enforcement of the verdict was still pending. The RAA has sent a Follow-up Report vide RAA/FUCD(W37-FoTM)2021/2284 dt. 07/12/2021.

3.9 Acceptance of defective works

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

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

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

Status: *Observation not settled. As per the letter No.FTM/Adm/10/2018-19/338 dt.28.9.2018 the case was filed against M/s S.D.K Consultancy at Bhutan Alternate Dispute Resolution Centre (ADRC).*

This issue was deliberated during the PAC consultative meeting held on 7 Sept. 2021 in NA conference hall, Thimphu where RUB reported that the cases were pending before Phuntsholing Dungkhag Court for enforcement and the deadline for the enforcement of the judgment was 30 Sept. 2021. Further, it was stated that the legal officers were following up with the Court for enforcement of the judgements and the recovery shall be made as per the judgement passed by the court.

It was decided that RUB should follow up for enforcement of judgement under intimation to RAA.

Subsequently, the RUB has reported that the High Court has passed a verdict on 30/12/2019 and the enforcement of the verdict was still pending. The RAA has sent a Follow-up Report vide RAA/FUCD(W37-FoTM)2021/2284 dt. 07/12/2021.

3.10 Inaction and non-termination of the contract

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

Status: *Observation not settled. As per the letter No.FTM/Adm/10/2018-19/338 dt.28.9.2018 the case was filed against M/s Jachung Builders at Bhutan Alternate Dispute Resolution Centre (ADRC).*

This issue was deliberated during the PAC consultative meeting held on 7 Sept. 2021 in NA conference hall, Thimphu where RUB reported that the cases were pending before Phuntsholing

Dungkhag Court for enforcement and the deadline for the enforcement of the judgment was 30 Sept. 2021. Further, it was stated that the legal officers were following up with the Court for enforcement of the judgements and the recovery shall be made as per the judgement passed by the court.

It was decided that RUB should follow up for enforcement of judgement under intimation to RAA.

Subsequently, the RUB has reported that the High Court has passed a verdict on 30/12/2019 and the enforcement of the verdict was still pending. The RAA has sent a Follow-up Report vide RAA/FUCD(W37-FoTM)2021/2284 dt. 07/12/2021.

4. Shortfalls, lapses and deficiencies – Nu. 13.301 million

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

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

Status: Observation not settled. As per the letter No.FTM/Adm/10/2018-19/338 dt.28.9.2018 the case was filed against M/s Jachung Builders at Bhutan Alternate Dispute Resolution Centre (ADRC).

This issue was deliberated during the PAC consultative meeting held on 7 Sept. 2021 in NA conference hall, Thimphu where RUB reported that the cases were pending before Phuntsholing Dungkhag Court for enforcement and the deadline for the enforcement of the judgment was 30 Sept. 2021. Further, it was stated that the legal officers were following up with the Court for enforcement of the judgment and the recovery shall be made as per the judgement passed by the court.

It was decided that RUB should follow up for enforcement of judgement under intimation to RAA.

Subsequently, the RUB has reported that the High Court has passed a verdict on 30/12/2019 and the enforcement of the verdict was still pending. The RAA has sent a Follow-up Report vide RAA/FUCD(W37-FoTM)2021/2284 dt. 07/12/2021.

4.5 Under payment in construction -Nu. 0.177 million

The Royal University of Bhutan had made under payments of Nu.0.177 million to contractors due to error in rate application for steel sections in tubular trusses in the GoI funded Project “Construction of Academic, Library, MPH, 100 Bedded Hostel, Provost Quarter and Site Development Works”. The rate of Nu.25 per kg was applied instead of Nu.50 per kg for the 5237.56 kgs of steel used. (AIN: 14188; Para: 9; Accountabilities Direct: Rinchen Pasang, Engineer, CID. No.11211000310; Supervisory: Tendrel Wangdi, Dean, EID No. 9511043).

Status: Observation not settled. As per the letter No.FTM/Adm/10/2018-19/338 dt.28.9.2018 the case was filed against M/s Jachung Builders at Bhutan Alternate Dispute Resolution Centre (ADRC).

This issue was deliberated during the PAC consultative meeting held on 7 Sept. 2021 in NA conference hall, Thimphu where RUB reported that the cases were pending before Phuntsholing Dungkhag Court for enforcement and the deadline for the enforcement of the judgment was 30 Sept. 2021. Further, it was stated that the legal officers were following up with the Court for

enforcement of the judgements and the recovery shall be made as per the judgement passed by the court.

It was decided that RUB should follow up for enforcement of judgement under intimation to RAA.

Subsequently, the RUB has reported that the High Court has passed a verdict on 30/12/2019 and the enforcement of the verdict was still pending. The RAA has sent a Follow-up Report vide RAA/FUCD(W37-FoTM)2021/2284 dt. 07/12/2021.

4.8 Inadmissible/double/overpayment - Nu. 0.774 million

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

Status: Observation not settled. As per the letter No.FTM/Adm/10/2018-19/338 dt.28.9.2018 the case was filed against M/s Jachung Builders at Bhutan Alternate Dispute Resolution Centre (ADRC).

This issue was deliberated during the PAC consultative meeting held on 7 Sept. 2021 in NA conference hall, Thimphu where RUB reported that the cases were pending before Phuntsholing Dungkhag Court for enforcement and the deadline for the enforcement of the judgment was 30 Sept. 2021. Further, it was stated that the legal officers were following up with the Court for enforcement of the judgements and the recovery shall be made as per the judgement passed by the court.

It was decided that RUB should follow up for enforcement of judgement under intimation to RAA.

Subsequently, the RUB has reported that the High Court has passed a verdict on 30/12/2019 and the enforcement of the verdict was still pending. The RAA has sent a Follow-up Report vide RAA/FUCD(W37-FoTM)2021/2284 dt. 07/12/2021.

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

Status: Observation not settled. As per the letter No.FTM/Adm/10/2018-19/338 dt.28.9.2018 the case was filed against M/s Jachung Builders at Bhutan Alternate Dispute Resolution Centre (ADRC).

This issue was deliberated during the PAC consultative meeting held on 7 Sept. 2021 in NA conference hall, Thimphu where RUB reported that the cases were pending before Phuntsholing Dungkhag Court for enforcement and the deadline for the enforcement of the judgment was 30 Sept. 2021. Further, it was stated that the legal officers were following up with the Court for enforcement of the judgements and the recovery shall be made as per the judgement passed by the court.

It was decided that RUB should follow up for enforcement of judgement under intimation to RAA.

Subsequently, the RUB has reported that the High Court has passed a verdict on 30/12/2019 and the enforcement of the verdict was still pending. The RAA has sent a Follow-up Report vide RAA/FUCD(W37-FoTM)2021/2284 dt. 07/12/2021.

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

Status: *Observation not settled. As per the letter No.FTM/Adm/10/2018-19/338 dt.28.9.2018 the case was filed against M/s Jachung Builders at Bhutan Alternate Dispute Resolution Centre (ADRC).*

This issue was deliberated during the PAC consultative meeting held on 7 Sept. 2021 in NA conference hall, Thimphu where RUB reported that the cases were pending before Phuntsholing Dungkha Court for enforcement and the deadline for the enforcement of the judgment was 30 Sept. 2021. Further, it was stated that the legal officers were following up with the Court for enforcement of the judgements and the recovery shall be made as per the judgement passed by the court.

It was decided that RUB should follow up for enforcement of judgement under intimation to RAA.

Subsequently, the RUB has reported that the High Court has passed a verdict on 30/12/2019 and the enforcement of the verdict was still pending. The RAA has sent a Follow-up Report vide RAA/FUCD(W37-FoTM)2021/2284 dt. 07/12/2021.

4.9 Outstanding advances - Nu.11.065 million

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

Status: *Observation not settled. The unsettled balance of Nu.11.065 million reported as of 7 Sept. 2021 remained unsettled as of 31 March 2022.*

This issue was deliberated during the PAC consultative meeting held on 7 Sept. 2021 in NA conference hall, Thimphu where RUB reported that they requested Gaeddu College of Business Studies for the documents related to this issue. Further, it was reported that the college has requested to meet with RAA and reconcile the accounts accordingly.

It was decided that, RUB in consultation with RAA shall reconcile the accounts by 31 Oct. 2021.

However, no further action had been taken as of 31 March 2022.

4.4.4. Royal Civil Service Commission

Out of the total unsettled significant irregularity of Nu.0.565 million reported to the Parliament in October 2021, the Royal Civil Service Commission had settled Nu.0.472 million leaving a balance of Nu.0.093 million as on 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	% Settled
2	Shortfalls, lapses and deficiencies	0.565	0.472	0.093	83.54
	Total	0.565	0.472	0.093	

The detailed status of unsettled irregularity reported to the Parliament in October 2021, the amount settled and the unsettled balance as on 31 March 2022 is as discussed below:

2. Shortfalls, lapses and deficiencies - Nu. 0.093 million

2.2 Inadmissible payment of tuition fees & stipend - Nu. 0.093 million

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

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

Status: Observation not settled. As per the RCSC's letter No. RCSC/AFS-14/2019-20/1007 dt.03/9/2019, the Dzongkhag Court Thimphu had issued judgment dated 30/01/2019 where the defendant had been asked to refund the amount within 02/09/2019. However, the amount had not been deposited as of 9 Sept. 2021.

This issue was deliberated during the PAC consultative meeting held on 9 Sept. 2021 in NA conference hall where RCSC reported that, RUB filed a suit before the Royal Court of Justice for the recovery of the amount. The court directed the accountable person to pay the amount. A request was made to the Court requesting for time extension and accordingly the Court directed the accountable person to pay the amount by the end of September 2021.

It was decided that the amount should be recovered as per the time extension granted by the Court and RCSC shall update the same to RAA.

As per the RCSC's letter No. RCSC/AFS-14/2019-20/1007 dt. 03/09/2019 and the Dzongkhag Court's judgment dt.30/01/2019 the actual amount changed was Nu.806,170.55, out of which Nu.713,000.00 has been recovered vide Rt. No. No.03006 dt. 07/04/2021 and 01622 dt.13/09/2021 leaving a balance of Nu. 93,170.55. The balance of Nu. 93,170.55 remained unrecovered as of 31 March 2022.

4.4.5. Tourism Council of Bhutan

Out of the total unsettled significant irregularities of Nu.2.205 million reported to the Parliament in October 2021, the Tourism Council of Bhutan had not settled any irregularities as on 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	% Settled
1	Violations of laws and rules	0.400	-	0.400	-
2	Shortfalls, lapses and deficiencies	1.805	-	1.805	-
	Total	2.205	-	2.205	

The detailed status of unsettled irregularities reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 are as discussed below:

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

1.2 Irregular release of advance - Nu.0.400 million

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

Status: Observation not settled. As per the letter No.LS-21/269 dated 29/01/2020, the judgement passed by the Larger Bench of the High Court on 12 Dec 2019 upholding the judgement of the Bench II of the High Court passed on 30 Oct 2018 directing the appellant to pay the principal amount along with the interest of Nu.122,133.30. However, the defendant had further appealed to the Supreme Court as per the letter.

This issue was deliberated during the PAC consultative meeting held on 9 Sept. 2021 in NA conference hall, Thimphu where the Legal officer of TCB reported that an appeal was filed before the Supreme Court by the accountable person but was rejected due to appellant's failure to deposit the security deposit and was directed to enforce the judgement passed by High Court. Accordingly, TCB filed for the enforcement of the judgement passed by High Court. Unfortunately, the accountable person went missing and the judgement couldn't be enforced. Further, TCB approached the Royal Court of Justice seeking for an arrest warrant against the accountable person and the same will soon be granted by the Court.

It was decided that TCB should exhaust all means in tracing the accountable person and resolve this issue accordingly.

The observation remained unresolved as no further action taken report was received from the TCB as of 31 March 2022.

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

2.1 Shortages in physical balances - Nu. 0.255 million

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

Status: Observation not settled. PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu directed the TCB to seek the advice of Governing Body and accordingly share the minutes of Board meeting to RAA for further update.

This issue was redeliberated during PAC consultative meeting held on 9 Sept. 2021 in NA conference hall, Thimphu where the Director of TCB reported that the management has decided to write off this issue. However, TCB stated that they will follow up with the former project manager for resolving it.

It was decided that TCB should take an appropriate action under intimation to RAA and update PAC by 31 October 2021.

The observation remained unresolved as no further action taken report was received from the TCB as of 31 March 2022.

2.2 Wasteful Expenditure - Nu. 1.550 million

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

Status: Observation not settled. PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu directed the TCB to seek the advice of Governing Body and accordingly share the minutes of Board meeting to RAA for further update.

This issue was redeliberated during PAC consultative meeting held on 9 Sept. 2021 in NA conference hall, Thimphu where the Director of TCB reported that the management has decided to write off this issue. However, TCB stated that they will follow up with the former project manager for resolving it.

It was decided that TCB should take an appropriate action under intimation to RAA and update PAC by 31 October 2021.

The observation remained unresolved as no further action taken report was received from the TCB as of 31 March 2022.

4.4.8. Bhutan Council for School Examinations and Assessment

The Bhutan Council for School Examinations and Assessment had unsettled irregularity of Nu.0.629 million reported to the Parliament in October 2021. It remained unsettled as on 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	% Settled
1	Shortfalls, lapses and deficiencies	0.629	-	0.629	-
	Total	0.629	-	0.629	-

The detailed status of unsettled irregularity reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 is as discussed below:

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

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

The Bhutan Council for School Examinations and Assessment had borne the costs of printing of confidential documents and transportation charges of Nu. 0.629 million for the 38 private schools from the RGoB fund without Government directives or approval. The RAA had advised the BCSEA to take up the issue with the Ministry of Education for appropriate decisions on the applicability of the support to the private schools keeping in view that all private schools are commercial in their nature of running the schools. However, decisions of the Ministry if any has not been forthcoming. (AIN: 14132; Para 1; Accountabilities Direct & Supervisory: Tenzin Dorji, Secretary, EID No.9208100).

Status: Observation not settled. This issue was deliberated during the PAC consultative meeting held on 8 Sept. 2021 in NA conference hall, Thimphu where BCSEA reported that the expenses were incurred for printing exam question papers. The expenses incurred for printing of exam question papers were not charged keeping in mind the policy of free education. BCSEA is not authorized to charge schools for printing exam question papers and the practice of printing the same for free was for a long time. Further, as communicated by Ministry of Education to BCSEA, it was informed that Ministry of Education will personally write to PAC on this issue.

The RAA has the opinion that this issue should be resolved through a policy decision. The PAC directed that BCSEA should follow up with MoE in availing the directives/policy decision on this issue by 30 Sept. 2021 and informed the decision o RAA.

However, the observation remained unresolved as of 31 March 2022. The RAA has sent a Follow-up Report vide letter No. RAA/FUCD(W51-BCSEA)2021/2285 dt.07/12/2021

4.5 CORPORATIONS

4.5.2. Dungsam Cement Corporation Limited

Out of the total unsettled significant irregularities of Nu.3.434 million reported to the Parliament in October 2021, the Dungsam Cement Corporation Limited had not settled any irregularities as on 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	% Settled
4	Shortfalls, lapses and deficiencies	3.434	-	3.434	-
	Total	3.434	-	3.434	

The detailed status of unsettled irregularities reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 are as discussed below:

4. Shortfalls, Lapses and Deficiencies – Nu. 3.434 million

4.4 Missing documents for payments made – Nu. 3.367 million

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

Status: Observation not settled. The case is related to main acquiesced Jigme Tshewang. DCCL has intimated the RAA vide letter No. DCCL/IA/(RAA-04)2021/2611 dated 19/08/2021 that Jigme Tshewang has appealed to Supreme Court and the case is subjudice.

- b) The Dungsam Cement Corporation Limited, Nganglam did not have supporting documents for payments involving Nu.0.444 million on account of transportation charges for cement paid to M/s Sharma Hardware Stores, Phuentsholing. (AIN: 13705; Para: 11.2; Accountabilities: Direct: Lt. Sangay Tshering, AFO, CID No. 11410003558; Jigme Tshewang Head Finance, CID No. 11101003631; Supervisory: Tshering Tenzin, GM (C), CID No. 10103002448)

Status: Observation not settled. The case is related to main acquiesced Jigme Tshewang. DCCL has intimated the RAA vide letter No. DCCL/IA/(RAA-04)2021/2611 dated 19/08/2021 that Jigme Tshewang has appealed to Supreme Court and the case is subjudice.

4.5 Inadmissible payment of VAT - Nu. 0.067 million

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

Status: Observation not settled. The case is related to main acquiesced Jigme Tshewang. DCCL has intimated the RAA vide letter No. DCCL/IA/(RAA-04)2021/2611 dated 19/08/2021 that Jigme Tshewang has appealed to Supreme Court and the case is subjudice.

4.6 FINANCIAL INSTITUTIONS

4.6.1. Bhutan Development Bank Limited

Out of the total unsettled significant irregularities of Nu.0.859 million reported to the Parliament in October 2021, the Bhutan Development Bank Limited had not settled the irregularities as on 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	% Settled
1	Mismanagement	0.859	-	0.859	-
2	Shortfalls and Lapses and deficiencies	-	-	-	-
	Total	0.859	-	0.859	

The detailed status of irregularities reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 are as discussed below:

1. Mismanagement – Nu.0.859 million

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

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

Status: Observation not settled. The issue was deliberated during the PAC consultative meeting held on 1 Sept. 2021 in NC conference hall, Thimphu where the BDBL CEO reported that, 12 loan were disbursed in 1990s without any proper address, details of the clients and loan documents/file. Gups and Tshogpas recommended the cases to be written off which were further recommended by the Board Audit Committee sometime in 2015 and accordingly put up to the Board. The board then instructed the management to forward the case to Zhemgang Court. However, the Court refused to accept the cases as the whereabouts of the clients were not known. Since all the possibilities of recovering the loans were exhausted and the economic returns did not justify pursuing the case further, the board approved to write off all the 12 loan accounts in the 147th Board Meeting held on March 30, 2018.

The RAA stated that, if board has delegation of power to write off and has been done accordingly then this issue can be resolved. However, the documents for the same were not submitted to RAA as of 1 Sept. 2021 thus the case remained pending.

The PAC directed BDBL to submit all the pertinent documents to RAA as soon as possible for review and appropriate decision.

However, the observation remained unresolved as of 31 March 2022 as the pertinent documents were not received by the RAA.

1.2 Disbursement of loans to inactive member of NPPF clients

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

Status: Observation not settled. The issue was deliberated during the PAC consultative meeting held on 1 Sept. 2021 in NC conference hall, Thimphu where BDBL CEO reported that Panbang Branch had sanctioned employee loans amounting to Nu. 0.695 million to three inactive members of NPPF. The branch management has managed to follow-up and close all three accounts.

It was decided that BDBL should submit the loan closure documents to RAA by 30 Sept. 2021 for review and appropriate decision.

However, the observation remained unresolved as required documents were not received by the RAA as of 31 March 2022.

3. Shortfalls, lapses and deficiencies

3.1 Defaulted loans pending litigation

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

Status: Observation not settled. The issue was deliberated during the PAC consultative meeting held on 1 Sept. 2021 in NC conference hall, Thimphu where BDBL CEO reported that no legal action against this issue were taken by the management due to clients' partial repayments and letter of undertakings, untraceable clients, absconding clients, lack of proper address and client serving prison terms. However, as on 31 July 2021, 289 accounts with loan outstanding amounting to Nu. 113.76 million were closed through vigorous follow up by the Credit Officers and litigation, 12 accounts with loan outstanding amounting to Nu. 48.69 million were regularized, 112 accounts with loan outstanding amounting to Nu. 282.62 million were forwarded for legal actions and 89 accounts loan outstanding amounting to Nu. 179.22 million retained with respective Credit Officer for follow-up.

The PAC directed BDBL to submit all the relevant documents to RAA by 30 Sept.2021 relating to closing and regularization of the accounts as reported in the meeting.

However, the observation remained unresolved as required documents were not received by the RAA as of 31 March 2022.

4.6.4. Bank of Bhutan Limited

One significant unsettled irregularity under shortfalls, lapses and deficiencies was reported to the Parliament in October 2021. It remained unsettled same as on 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	% Settled
1	Shortfalls, lapses and deficiencies	-	-	-	-
	Total	-	-	-	-

The detailed status of unsettled irregularities reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 is as discussed below:

1. Shortfalls, lapses and deficiencies

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

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

Status: Observation not settled. It pertains to View Point Resort, Trongsa where the Dzongkhag Court, Trongsa rendered the judgment and defendant has appealed to High Court.

The issue was deliberated during the PAC consultative meeting held on 1 Sept. 2021 in NC conference hall, Thimphu where the BoBL reported that subsequent to the High Court's Judgement rendered on 6th August 2021, with regard to Trongsa Land Case involving the Viewpoint Resort, the Bank has put up an application to the Supreme Court on 26th August 2021 for recovery of the loan since the borrower has appealed to the Supreme Court pertaining to his case with ACC. The Supreme Court ordered the Bank to route the recovery suit through the Dzongkhag Court and accordingly the same was submitted on 30th August 2021. The Dzongkhag Court did not accept the registration of the recovery suit of the Bank stating that the case is sub judice (case still ongoing with ACC). The Bank stated that they have no alternative than to wait for the judgement from the Supreme Court. As for the issue of M/s Golden Resort it remains status quo until all the accounts are settled. Further, BoBL stated that they will follow-up with the pending case of M/s View Point Resort to expedite the same.

The case remained status quo as of 31 March 2022.



REVIEW REPORT OF ANNUAL AUDIT REPORT 2017

(Status as on 31 March 2022)

ROYAL AUDIT AUTHORITY

PART-I Summary of Review Report of AAR 2017

The Royal Audit Authority had submitted the review report of Annual Audit Report 2017 to the 6th Session of the Third Parliament in October 2021. The Review Report had total significant unsettled irregularities of Nu.64.534 million consisting of Nu.46.500 million against budgetary agencies and Nu.18.034 million against Non-Budgetary Agencies as of 30 Sept. 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up at various levels and subsequently, irregularities amounting to Nu.10.291 million against Budgetary Agencies were settled leaving a balance of Nu.36.209 million, however, the Non-budgetary Agencies did not settle any irregularities as on 31 March 2022 as shown in table below.

Table: Showing agency wise irregularities settled and balances as on 31 March 2022.

Sl. No.	Agencies	Unresolved irregularities reported as on 30/09/2021 (Nu.in Million)	Irregularities settled as on 31/03/2022 (Nu.in Million)	Balance irregularities as on 31/03/2022 (Nu.in Million)	Percentage of irregularities settled as on 31/03/2022
1	Ministries	22.277	9.773	12.504	43.87
2	Dzongkhags	0.261	0.014	0.247	5.36
3	Gewogs	5.068	0.452	4.616	8.92
4	Autonomous Agencies	18.894	0.052	18.842	0.28
Total Budgetary Agencies-A (1 to 4)		46.500	10.291	36.209	22.13
5	Non Governmental Organizations	18.034	-	18.034	-
Total Non-Budgetary Agencies - B (5)		18.034	-	18.034	-
Grand Total (A+B)		64.534	10.291	54.243	15.95

As transpired from table above, out of the total unsettled irregularities of Nu.64.504 million remaining unsettled as of 30 Sept. 2021, irregularities amounting to Nu.10.291 million were settled leaving a balance of Nu.54.243 million as on 31 March 2022. The detailed review report of the irregularities settled and outstanding ones as of 31 March 2022 are given below.

PART-II DETAILED REVIEW REPORT

1.1.1. MINISTRIES

1.1.1.1. MINISTRY OF WORKS AND HUMAN SETTLEMENT

Out of the total unsettled irregularities of Nu.5.255 million reported to the Parliament in October 2021, the Ministry of Works and Human Settlement had not settled any irregularities as on 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	% Settled
1	Shortfalls, lapses and deficiencies	5.255	-	5.255	-
	Total	5.255	-	5.255	

The details of unsettled irregularities reported to the Parliament in October 2021; which remained unsettled balances as on 31 March 2022 is as discussed below:

1. Shortfalls, lapses and deficiencies - Nu.5.255 million

There were cases of shortfalls, lapses and deficiencies involving Nu.29.860 million as summarised below:

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

1.1. OUTSTANDING ADVANCES - NU.5.255 MILLION

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

Status: *Observation not settled. The unsettled balance of Nu.5.255 million reported earlier remained unsettled as of 31 Aug.2021. The issue was deliberated during the PAC consultative meeting held on 31 Aug. 2021 in NC conference hall, Thimphu and MoWHS reported the following:*

- i) Supreme Court has upheld the judgement passed by the High Court directing the contractor to pay Nu. 1.662 million to the government. However, the amount was not paid so MoWHS shall be initiating for judgement enforcement appeal.
- ii) The case pertaining to Trashiyangtse Dzongkhag-Bomdeling Flood Protection works was terminated by the Dzongkhag and had informed the contractor to report to dzongkhag for the settlement of the final bill. As per the DES letter No.DES/FEND/34/2020-2021/882 dated 11/09/2020 the case has been forwarded to the Dzongkhag Court for legal action.

The Chief Engineer, MoWHS reported that, the contractor has an on-going contract work of black topping with the Dzongkhag Administration and has agreed to settle the dues from the final bills of the present on-going work.

The PAC directed MoWHS to submit to RAA the copy verdicts passed by the court and the agreement signed between the contractor and the dzongkhag administration for deducting the amount from the on-going works by 30 Sept. 2021.

The status of the observation as of 31 March 2022 stands as follows:

This case pertains to Lhamoizingkha Dungkhag. As per Supreme Court Verdict no. Ngontho-OM-20-295 dated 25/05/2021, the contractor, M/s Mindu Construction Pvt. Ltd. has to retribute an amount of Nu.11,63,807.00 to the Lhamoizingkha Dungkhag. The Supreme Court had upheld the verdict passed by High Court vide verdict No. Drang Mang -20-84 dated 27/07/2020.

The case pertaining to Trashiyangtse Dzongkhag-Bomdeling Flood Protection works, an excess payment of Nu. 4,089,000.00 stands recoverable from the contractor. The RAA has sent a reminder vide letter No.RAA/FUCD(E2)DES/2020/2259 dated 16/12/2020 & RAA/FUCD(E1)MoWHS-Sect/2021/420 dated 23/04/2021.

1.1.1.2. MINISTRY OF HEALTH

The unsettled irregularities of Nu.9.127 million reported to the Parliament in October 2021 has been settled by the Ministry of Health as on 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliamentas on 30/09/2021 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	% Settled
2	Shortfalls, lapses and deficiencies	9.127	9.13	-	100
	Total	9.127	9.127	-	

The details of irregularity reported to the Parliament in October 2021 which got settled as on 31 March 2022 is as discussed below:

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

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

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

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

***Status:** Observation settled. Observation settled based on response letter No. 20/SM(HIDD)GJPMCH(OPB)2018/705 dated 20th October 2021 and Follow up RAA/FUCD/(A1-2)GoI-Project-DMSHI/MoH/2021/1979 dated 02/11/2021. Advance paid for the relocation of 2x1500 KVA and 1250 KVA substation has been settled, based on the submission of works completion report.*

1.1.1.3. MINISTRY OF FINANCE

Out of the total unsettled irregularities of Nu.4.897 million reported to the Parliament in October 2021 the same remained unresolved as on 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	% Settled
1	Mismanagement	4.897	-	4.897	-
	Total	4.897	-	4.897	

The details of irregularities reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 are as discussed below:

1. Mismanagement - Nu.4.897 million

There were cases of mismanagement involving Nu.4.930 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported as on 30/09/2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31/03/2022 (Nu. in million)
1.1	Overdue Outstanding Taxes	4.930	0.033	4.897
1.2	Inadmissible waiver of fines and penalties	-	-	-
	Total	4.930	0.033	4.897

1.1. OVERDUE TAXES - NU.4.897 MILLION

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

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

Status: *Observation not settled. As per the record of RAA out of the total amount of Nu.4.449 million of overdue taxes; Nu.3.551 million had been settled leaving a balance of Nu.0.898 million unsettled as of 30 Sept. 2021.*

The PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu, MoF was instructed to initiate appropriate way forward within October 2021 to resolve the issues and share a copy of their action taken report with RAA.

This was redeliberated during the PAC consultative meeting held on 6 Sept. 2021 in NA conference hall, Thimphu where the Legal Officer reported that, the cases of failure to collect taxes are related to defunct businesses whereby the businessman shifts his business to another. MoF has been continuously following up to resolve this issue. In case of M/s Yoedbar trading and M/s Druk Zorig Gongphel Construction, MoF has decided to take legal recourse.

The PAC directed the Ministry to initiate legal recourse immediately against the accountable entities and report to RAA.

The observation remained unsettled as the balance outstanding of Nu.0.898 million reported earlier remained as it is as of 31 March 2022.

- b) Regional Revenue and Customs Office, Thimphu had not collected Bhutan Sales Tax (BST) amounting to Nu.0.623 million from ten business units including hotels, resorts, restaurants and cable services. The taxes were due for periods ranging from 12 months to 18 months at the time of audit in January 2017. *AIN: 14388; Observation: 1; Accountabilities: Direct: Rinzin Wangmo, Deputy Collector, EID No. 200501079; Supervisory: Nidup Gyeltshen, Regional Director, EID No. 9610072.*

Status: *Observation not settled. The PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu instructed MoF to send letter to proprietor of M/s Gaurda Inn within October 2021 to recover the balance amount. With respect to M/s Mid point hotel, it was reported that MoF had exhausted all the legal process to recover the balance amount.*

This was redeliberated during the PAC consultative meeting held on 6 Sept. 2021 in NA conference hall, Thimphu where the Legal Officer of MoF reported that that as per the latest follow-up with Gauruda Inn, the accountable person has sought for a time extension. In case of Mid-point, whereabouts of the accountable person was unknown. It was heard from the sources that accountable person is living in Sikkim.

MoF has been following up with her relative but no positive response has been received.

It was decided that, MoF should review the letter received from Gauruda Inn requesting for time extension and report the status by 30 Sept. 2021 and MoF should take legal action against Mid-point.

The observation remained unsettled as the Nu.0.623 million reported earlier remained as it is as of 31 March 2022. As per the response letter No.RRCO/RAAS/TH/Audit Repoet/11/2021/ 920 dated 7/10/2021 the case was reported to be still with Legal MoF

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

Status: *Observation not settled. The unsettled balance stands at Nu.3.376 million. The PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu had directed the DRC to share the latest update of action taken report with RAA within October 2021.*

This was redeliberated during the PAC consultative meeting held on 6 Sept. 2021 in NA conference hall, Thimphu where the Legal Officer reported that, the cases of failure to collect taxes are related to defunct businesses whereby the businessman shifts his business to another. MoF has been continuously following up to resolve this issue.

The PAC directed the Ministry to initiate legal recourse immediately against the accountable entities and report to RAA.

The observation remained unsettled as the balance outstanding of Nu.3.376 million reported earlier remained as it is as of 31 March 2022. As per the response received from the RRCO vide letter No.RRCO/RAAS/TH/Audit Repoet/11/2021/920 dated 7/10/2021 the case was reported to be still with the Legal Division of MoF.

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

Status: *Observation not settled. During the PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu, the Ministry informed that out of 5 restaurants, 4 had paid all the due taxes and only one restaurant had failed to clear all the dues even after granting 12 months time extension. The Ministry was instructed to discuss with their legal section for future course of action and share the latest status update with RAA within October 2021. For the unsettled outstanding of Nu.0.153 against M/s. BT Gatshel the DRC has forwarded the case to Legal Division of MoF vide letter No.DRC/STD/Dev/26/2020/239 dated 05/08/2020.*

This was redeliberated during the PAC consultative meeting held on 6 Sept. 2021 in NA conference hall, Thimphu where the Legal Officer reported that the accountable person was at large. Since all means and ways had not been exhausted to trace the accountable person, no legal actions was initiated.

The PAC directed the MoF to resolve this issue by 31 Oct. 2021 if not take legal recourse.

The observation remained unsettled as of 31 March 2022. The RRCO Thimphu intimated vide letter No.RRCO/ADM-1-17/2020-21/233 dated 25/9/2020 that the case is under review for forwarding to the Court.

1.1.1.3. MINISTRY OF AGRICULTURE AND FORESTS

Out of the total unsettled irregularities of Nu.2.998 million reported to the Parliament in October 2021, the Ministry of Agriculture and Forests had settled Nu.0.646 million leaving the irregularities of Nu.2.352 million unresolved as on 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliamentas on 30/09/2021 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	% Settled
1	Violation of laws and rules	2.280	-	2.280	-
2	Shortfalls, lapses and deficiencies	0.718	0.646	0.072	89.97
	Total	2.998	0.646	2.352	21.55

The details of irregularities reported to the Parliament in October 2021, irregularities resolved thereafter and the unsettled balances as on 31 March 2022 are as discussed below:

1. Violation of Laws and Rules – Nu.2.280 million

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

Sl. No.	Observation in Brief	Unsettled reported as on 30/09/2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31/03/2022 (Nu. in million)
1.1	Excess deposit into Refundable Deposit Accounts	1.171	-	1.171
1.2	Payment made without supporting documents	0.665	-	0.665
1.3	Settlement of budgetary related expenses from Security and Earnest Money deducted/recovered	0.361	-	0.361
1.4	Excess payments on account of Deposit Work	0.083	-	0.083
	Total	2.280	-	2.280

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

1.1. EXCESS DEPOSIT INTO REFUNDABLE DEPOSIT ACCOUNTS - Nu.1.171 MILLION

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

Status: *Observation not settled. The PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu instructed MoAF to hold meeting with Jigme Dorji National Park in presence of accountable officials within December 2019 to resolve the observation. The Ministry was also reminded to accord top priority to review the issues failing which the matter would be submitted to upcoming winter session of the Parliament and initiate thorough deliberation.*

This issue was redeliberated during the PAC consultative meeting held on 3 Sept. 2021 in NA conference hall where the Director, Department of Forest & Park Services reported that, they tried to resolve the issue amicably but the accountable persons failed to comply with the same. The Ministry has exhausted all means to resolve the issue. Therefore, the Ministry has decided to take legal actions on the same. As such it was decided that the Ministry should take legal recourse for resolving the issue.

However, the observation remained unresolved as no further developments were reported by the Ministry. The RAA has issued follow-up report vide ref. No.RAA/FUCD/(B9)/JDNP/Damji-Gasa/MoAF/2022/310 dated 25/03/2022 for initiating further action.

1.2. PAYMENT MADE WITHOUT SUPPORTING DOCUMENTS - Nu.0.665 MILLION

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

Status: *Observation not settled. The PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu instructed MoAF to hold meeting with Jigme Dorji National Park in presence of accountable officials within December, 2019 to resolve the observation. The Ministry was also reminded to accord top priority to review the issues failing which the matter would be submitted to upcoming winter session of the Parliament and initiate thorough deliberation.*

This issue was redeliberated during the PAC consultative meeting held on 3 Sept. 2021 in NA conference hall where the Director, Department of Forest & Park Services reported that, they tried to resolve the issue amicably but the accountable persons failed to comply with the same. The Ministry has exhausted all means to resolve the issue. Therefore, the Ministry has decided to take legal actions on the same. As such it was decided that the Ministry should take legal recourse for resolving the issue.

However, the observation remained unresolved as no further developments were reported by the Ministry. The RAA has issued follow-up report vide ref. No.RAA/FUCD/(B9)/JDNP/Damji-Gasa/MoAF/2022/310 dated 25/03/2022 for initiating further action.

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

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

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

Status: *Observation not settled. PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu instructed MoAF to hold meeting with Jigme Dorji National Park in presence of accountable officials within end of December, 2019 to resolve the observation. The Ministry was also reminded to accord top priority to review the issues failing which the matter would be submitted to upcoming winter session of the Parliament and initiate thorough deliberation.*

This issue was redeliberated during the PAC consultative meeting held on 3 Sept. 2021 in NA conference hall where the Director, Department of Forest & Park Services reported that, they tried to resolve the issue amicably but the accountable persons failed to comply with the same. The Ministry has exhausted all means to resolve the issue. Therefore, the Ministry has decided to take legal actions on the same. As such it was decided that the Ministry should take legal recourse for resolving the issue.

However, the observation remained unresolved as no further developments were reported by the Ministry. The RAA has issued follow-up report vide ref. No.RAA/FUCD/(B9)/JDNP/Damji-Gasa/MoAF/2022/310 dated 25/03/2022 for initiating further action.

1.4. EXCESS EXPENDITURE ON ACCOUNT OF DEPOSIT WORK - Nu.0.083 MILLION

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

Status: *Observation not settled. PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu instructed MoAF to hold meeting with Jigme Dorji National Park in presence of accountable officials within December, 2019 to resolve the observation. The Ministry was also reminded to accord top priority to review the issues failing which the matter would be submitted to upcoming winter session of the Parliament and initiate thorough deliberation.*

This issue was redeliberated during the PAC consultative meeting held on 3 Sept. 2021 in NA conference hall where the Director, Department of Forest & Park Services reported that, they tried to resolve the issue amicably but the accountable persons failed to comply with the same. The Ministry has exhausted all means to resolve the issue. Therefore, the Ministry has decided to take legal actions on the same. As such it was decided that the Ministry should take legal recourse for resolving the issue.

However, the observation remained unresolved as no further developments were reported by the Ministry. The RAA has issued follow-up report vide ref. No.RAA/FUCD/(B9)/JDNP/Damji-Gasa/MoAF/2022/310 dated 25/03/2022 for initiating further action.

3. Shortfalls, lapses and deficiencies – Nu.0.072 million

There were cases of shortfalls, lapses and deficiencies involving Nu.0.718 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported as on 30/09/2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31/03/2022 (Nu. in million)
3.1	Pending cases lying unsettled	0.069	0.069	-
3.2	Excess/Inadmissible/Double Payments	0.033	-	0.033
3.4	Outstanding advances	0.586	0.577	0.009
3.5	Irregular adjustments of advances	0.030	-	0.030
	Total	0.718	0.646	0.072

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

3.1. PENDING OFFENCE CASES - Nu.0.069 MILLION

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

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

Status: *Observation settled vide follow-up report No.RAA/FUCD/(B-9)DoFPS/MoAF/2021/1708 dated 20/9/2021 based on the write off letter No.MoAF/F-DS/06/201/1 dated 7 Sept.2021 approved by the Hon'ble Minister, MoAF.*

3.2 Excess/Inadmissible/Double Payments Nu.0.033 Million

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

Status: *Observation not settled. PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu instructed MoAF to hold meeting with Jigme Dorji National Park in presence of accountable officials within December, 2019 to resolve the observation. The Ministry was also reminded to accord top priority to review the issues failing which the matter would be submitted to upcoming winter session of the Parliament and initiate thorough deliberation.*

This issue was redeliberated during the PAC consultative meeting held on 3 Sept. 2021 in NA conference hall where the Director, Department of Forest & Park Services reported that, they tried to resolve the issue amicably but the accountable persons failed to comply with the same. The Ministry has exhausted all means to resolve the issue. Therefore, the Ministry has decided to take legal actions on the same. As such it was decided that the Ministry should take legal recourse for resolving the issue.

However, the observation remained unresolved as no further developments were reported by the Ministry. The RAA has issued follow-up report vide ref. No.RAA/FUCD/(B9)/JDNP/Damji-Gasa/MoAF/2022/310 dated 25/03/2022 for initiating further action.

3.2. OUTSTANDING ADVANCES - Nu.0.009 MILLION

- a) The Jigme Dorji National Park, Damji had overdue outstanding advances amounting to Nu.0.586 million against officials and contractors. Personal Advances amounted to Nu.0.071 million and Public Works Advances amounted to Nu.0.515 million. Some

advances were due since 2009-2010. *AIN: 15004; Observation: 1.2; Accountabilities: Direct: Tshering Wangchuk, Accountant, EID No. 200207191; Supervisory: Lhendrup Tharchen, Ex-CFO EID No.200801028; Namgay, Offtg. CFO, EID No. 9810002.*

Status: *Observation partially settled. Out of the total outstanding advance of Nu.0.586 million; Nu.0.577 million has been settled leaving a balance of Nu.0.009 million as of 31 March 2022.*

PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu instructed MoAF to hold meeting with Jigme Dorji National Park in presence of accountable officials within December, 2019 to resolve the observation. The Ministry was also reminded to accord top priority to review the issues failing which the matter would be submitted to upcoming winter session of the Parliament and initiate thorough deliberation.

This issue was redeliberated during the PAC consultative meeting held on 3 Sept. 2021 in NA conference hall where the Director, Department of Forest & Park Services reported that, they tried to resolve the issue amicably but the accountable persons failed to comply with the same. The Ministry has exhausted all means to resolve the issue. Therefore, the Ministry has decided to take legal actions on the same. As such it was decided that the Ministry should take legal recourse for resolving the issue.

Subsequently, out of the total outstanding advance of Nu.0.586 million; Nu.0.577 million was settled leaving a balance of Nu.0.009 million against Gyeltshen, Forester Nu.5,000.00 and Yeshe Tenzin, Dy. Ranger Nu.4,000.00 as of 31 March 2022. The RAA has issued latest follow-up report No. RAA/FUCD/(B9)/JDNP/Damji-Gasa/MoAF/2022/310 dated 25/03/2022 to the management to take further course of action for the recovery of the balance amount.

3.3. IRREGULAR ADJUSTMENTS OF ADVANCES - Nu.0.030 MILLION

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

Status: *Observation not settled. PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu instructed MoAF to hold meeting with Jigme Dorji National Park in presence of accountable officials within December, 2019 to resolve the observation. The Ministry was also reminded to accord top priority to review the issues failing which the matter would be submitted to upcoming winter session of the Parliament and initiate thorough deliberation.*

This issue was redeliberated during the PAC consultative meeting held on 3 Sept. 2021 in NA conference hall where the Director, Department of Forest & Park Services reported that, they tried to resolve the issue amicably but the accountable persons failed to comply with the same. The Ministry has exhausted all means to

resolve the issue. Therefore, the Ministry has decided to take legal actions on the same. As such it was decided that the Ministry should take legal recourse for resolving the issue.

However, the observation remained unresolved as no further developments were reported by the Ministry. The RAA has issued follow-up report vide ref. No.RAA/FUCD/(B9)/JDNP/Damji-Gasa/MoAF/2022/310 dated 25/03/2022 for initiating further action.

1.1.2.1. DZONGKHAG ADMINISTRATION, TRONGSA

Out of the total unsettled irregularities of Nu.0.150 million reported to the Parliament in October 2021, the Dzongkhag Administration, Trongsa had settled Nu.0.014 million of irregularities leaving a balance of Nu.0.136 million as on 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 31/03/2022	% Resolved
1	Mismanagement	-	-	-	-
2	Violation of laws and rules	0.136	-	0.136	-
3	Shortfalls, lapses and deficiencies	0.014	0.014	-	100
	Total	0.150	0.014	0.136	9.33

The details of irregularities reported to the Parliament in October 2021, irregularities settled thereafter and the unsettled balance as on 31 March 2022 are as discussed below:

1. Mismanagement

The case of mismanagement is as indicated below:

1.2. LAPSES IN OPERATION OF DECENTRALIZATION SUPPORT PROGRAMME FUND

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

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

The bank balance as on 29th November 2016 was Nu.0.015 million against the total fund of Nu.2.100 million received (as acknowledged by the Gewog officials) for which there was no supporting documents. Out of the total fund, Nu.0.584 million was utilized for construction of ORC & Retention Wall at Tashidingkha. The Dzongkhag Administration as a central authority has been advised to initiate appropriate review and confirm the status of the funds. *AIN: 14570; Observation: 25; Accountabilities: Direct: Galey Chophel, Ex-Gup, EID. 9912537u; Supervisory: Kinzang Dorji, Gup, CID No.11701001704.*

Status: *Observation not settled. The PAC consultative meeting held at Gelephu on 9 September 2019 directed the Dzongkhag and Gewog authorities to conduct thorough review of the issues and submit relevant documents to OAG Bumthang within the same month, which remains to be submitted. Direct accountability was transferred from Kinzang Dorji, Gup to Galey Chophel, Ex-gup, as it pertained to observation from the tenure of Galey Chophel, Ex-gup as per letter No.DGA/53/2019-2020/155 dated 11/09/2019 of the Dragten Gewog Adm. and also as per the decision of the consultative meeting held at Gelephu with PAC Members & Trongsa Dzongkhag.*

The issue was redeliberated during the subsequent PAC consultative meeting held on 5 Aug. 2021 in the DYT hall of the Trongsa Dzongkhag where the Dzongkhag Administration reported that they were of the opinion that this issue was resolved, however, it was acknowledged that there was lapses from the Gewog Administration, Dragten for not maintaining proper documentation for the same. Despite several attempts, documents could not be traced but is yet to be completed. It was decided that Gewog Administration in consultation with RAA Bumthang should recast the complete cash book and resolve this issue by 31st August 2021.

However, the observation remained unresolved as of 31 March 2022 due to non-reconciliation of the account.

2. Violation of Laws & Rules – Nu.0.136 million

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

2.4. NON/SHORT LEVY OF LIQUIDATED DAMAGES - Nu.0.136 MILLION

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

Status: *Observation not settled. The PAC consultative meeting held in Gelephu on 9 Septemehr 2019 directed the Dzongkhag to inform the contractor to refund the amount.*

The issue was redeliberated during the subsequent PAC consultative meeting held on 5 Aug. 2021 in the DYT hall of the Trongsa Dzongkhag where the Dzongkhag Administration reported that LD amount was yet to be recovered despite followed up made with the contractor. The case was submitted to legal officer on 5 Feb. 2020, but yet to be forwarded to Royal Court of Justice. The PAC directed the

Dzongkhag Administration to take legal recourse for recovering the same by 31 Aug. 2021.

However, the observation remained unresolved as of 31 March 2022 as no further developments were reported by the Dzongkhag.

3. Shortfalls, lapses & deficiencies

3.1. INADMISSIBLE PAYMENTS - Nu.0.014 MILLION

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

Status: *Observation settled as the unsettled balance of Nu.14,388.81 reported last was also deposited with the RAA.*

1.1.2.2. DZONGKHAG ADMINISTRATION, DAGANA

Out of the total unsettled irregularity of Nu.0.063 million reported to the Parliament in October 2021, the Dzongkhag Administration, Dagana had not settled the irregularity as on 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	% Resolved
1	Violation of laws and rules	0.063	-	0.063	-
	Total	0.063	-	0.063	

The details of irregularity reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 is as discussed below:

1. Violation of Laws & Rules – Nu.0.063million

There were cases of violation of laws & rules involving Nu.0.630 million as summarised below:

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

1.1. NON-DECLARATION AND LATE SUBMISSION OF ASSET DECLARATION – Nu.0.063 MILLION

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

Status: Observation not settled. Although observation against Sonam Jamtsho and Kinga Singye was settled based on review of the justification, the case against Kinley Tenzin with the involvement of Nu.0.063 million remained unsettled.

The issue was deliberated during the PAC consultative meeting held on 5 Aug. 2021 and it was decided that Dzongkhag Administration should inform Kinley Tenzin to deposit the amounting to Nu. 63,000/- along with penalty into Audit Recovery Account by 31 Aug. 2021 if not legal recourse should be taken by the Dzongkhag Administration.

RAA deliberated the issue in the 9th Follow-up Committee Meeting held on 6 Oct. 2021 and the committee decided to waive off the 24% p.a. penalty, however, the recoverable principal amount of Nu.0.063 million remained unsettled as of 31 March 2022.

1.1.2.3. DZONGKHAG ADMINISTRATION, HAA

Out of the total unsettled irregularities of Nu.0.048 million reported to the Parliament in October 2021, the Dzongkhag Administration, Haa had not settled irregularities as on 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 31/03/2022	% Resolved
1	Shortfalls, lapses and deficiencies	0.048	-	0.048	-
	Total	0.048	-	0.048	

The details of irregularities reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 is as discussed below:

1. Shortfalls, lapses & deficiencies - Nu.0.048 million

There was a case of shortfalls, lapses & deficiencies involving Nu.0.048 million as summarised below:

1.1. OUTSTANDING ADVANCES - NU.0.048 MILLION

The Dzongkhag Administration, Haa had overdue advances amounting to Nu.0.061 million lying unadjusted against official and parties. There were Personal Advances amounting to Nu.0.048 million given as salary advance and Public Works Advances amounting to Nu.0.013 million given as fuel advance for approach road clearing and connection works for the new Royal Guest House construction. *AIN: 14438; Observation: 4; Accountabilities: Direct: Sonam Wangchuk, DSO, EID No.200508097; Supervisory: Dasho Kinzang Dorji, Dzongda, EID No. 9306022.*

Status: Observation not settled as the unsettled balance of Nu.0.048 million reported earlier remained unsettled as of 31 March 2022.

This issue was deliberated during the PAC consultative meeting held on 10 Sept. 2021 in NA conference hall, Thimphu where the Dzongkhag Adm. reported that the accountable person, Sonam Wangchuk was transferred to Gasa Dzongkhag.

The PAC directed the Dzongkhag Administration, Haa to coordinate with Dzongkhag Administration, Gasa for follow up with Sonam Wangchuk and recover the amount or take legal recourse for the same.

However, the issue remained unresolved as of 31 March 2022.

1.1.3. GEWOGS ADMINISTRATION

1.1.3.1. GEWOGS ADMINISTRATION UNDER PARO DZONGKHAG

I. WANGCHANG

Out of the total unsettled irregularities of Nu.0.980 million reported to the Parliament in October 2021, the Gewog Administration, Wangchang had not settled any irregularities as on 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 31/03/2022	% Resolved
1	Mismanagement	0.500	-	0.500	-
2	Shortfalls, lapses and deficiencies	0.480	-	0.480	-
	Total	0.980	-	0.980	

The detailed status of irregularities reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 are as discussed below:

1. Mismanagement – Nu.0.500 million

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

Sl. No.	Observation in Brief	Unsettled reported as on 30/09/2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31/03/2022 (Nu. in million)
1.1.	Irregularities in providing and fixing of 30 HP Centrifugal Pumps	Unsettled	-	Unsettled
1.2.	Unjustified & extravagant payment for 30HP Electric Motor pumps – Nu.0.500	0.500	-	0.500
	Total	0.500	-	0.500

The cases of mismanagement are as indicated below:

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

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

Status: Observation not settled. The PAC consultative meeting held on 25/7/2019 reviewed the case including making site visits. The present Gup was instructed to convey ex Gup of the Committee's desire to conduct either public hearing or consultation meeting with them as the government expenditure had been rendered waste. The Gup was also instructed to find out the whereabouts of the contractor and inform the PAC at the earliest. However, no progress had been reported to the RAA as of 10 Sept.2021.

This issue was redeliberated during the PAC consultative meeting held on 10 Sept. 2021 in NA conference hall, Thimphu where the Gup reported that during the previous meeting with PAC, a call was made to Kencho Wangdi (Engineer) and he acknowledged to report to RAA and resolve it. He requested PAC to write a letter to his current organization regarding the requirement of his presence. The accountable person failed to report to RAA to resolve it. Therefore, it was requested to RAA to resolve this issue with the submission of work completion report by the gewog administration.

As per the decision of the PAC consultative meeting held on 10 Sept. 2021 the RAA has written a letter No.RAA/FUCD(R18)2021/1677 adted 14 Sept. 2021 to the Gewog Adm. to explore the possibility of securing resources to make the water supply systems functional and sustainable for the benefit of the users at the earliest.

However, the issue remained unresolved as no further developments were reported by the Gewog as of 31 March 2022.

1.2. UNJUSTIFIED & EXTRAVAGANT PAYMENT FOR 30HP ELECTRIC MOTOR PUMPS – Nu.0.500 MILLION

The Gewog Administration had procured two 30 HP electric motor pumps at Nu.0.500 million (Nu.0.250 million each) against the specification of one 50 HP electric motor pump with a quoted rate of Nu.0.065 million which had additional financial implication of Nu. 0.435 million. This resulted into an unjustified & extravagant payment for one 30 HP electric motor pump. The lapses had occurred apparently due to laxity of the dealing officials in exploring for the most competitive prices, when the rate for the alternative pump was abnormally high. *AIN: 14596; Observation: 1.7 & 1.8; Accountabilities: Direct: Kencho Wangdi Engineer, EID No. 200409002; Supervisory: Thinley Dorji, Ex-Gup, CID No. 10811002122.*

Status: Observation not settled. The PAC consultative meeting held on 25/7/2019 reviewed the case including making site visits. The present Gup was instructed to convey ex Gup of the Committee's desire to conduct either public hearing or consultation meeting with them as the government expenditure had been rendered waste. The Gup was also instructed to find out the whereabouts of the contractor and inform the PAC at the earliest. However, no progress had been reported to the RAA as of 10 Sept.2021.

This issue was redeliberated during the PAC consultative meeting held on 10 Sept. 2021 in NA conference hall, Thimphu where the Gup reported that during the previous meeting with PAC, a call was made to Kencho Wangdi (Engineer) and he acknowledged to report to RAA and resolve it. He requested PAC to write a letter to his current organization regarding the requirement of his presence. The accountable person failed to report to RAA to resolve it. Therefore, it was requested

to RAA to resolve this issue with the submission of work completion report by the gewog administration.

As per the decision of the PAC consultative meeting held on 10 Sept. 2021 the RAA has written a letter No.RAA/FUCD(R18)2021/1677 dated 14 Sept. 2021 to the Gewog Adm. to explore the possibility of securing resources to make the water supply systems functional and sustainable for the benefit of the users at the earliest.

However, the issue remained unresolved as no further developments were reported by the Gewog as of 31 March 2022.

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

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

Sl. No.	Observation in Brief	Unsettled reported as on 30/09/2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31/03/2022 (Nu. in million)
2.1.	Non-accountal of extracted materials	0.446	-	0.446
2.2.	Excess payment	0.034	-	0.034
2.3.	Defective Work	Unsettled	-	Unsettled
	Total	0.480		0.480

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

I.1. NON-ACCOUNTAL OF EXTRACTED MATERIALS - NU.0.446 MILLION

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

Status: Observation not settled. The PAC consultative meeting held on 25/7/2019 reviewed the case including making site visits. The present Gup was instructed to convey ex Gup of the Committee's desire to conduct either public hearing or consultation meeting with them as the government expenditure had been rendered waste. The Gup was also instructed to find out the whereabouts of the contractor and inform the PAC at the earliest. However, no progress had been reported to the RAA as of 10 Sept.2021.

This issue was redeliberated during the PAC consultative meeting held on 10 Sept. 2021 in NA conference hall, Thimphu where the Gup reported that during the previous meeting with PAC, a call was made to Kencho Wangdi (Engineer) and he acknowledged to report to RAA and resolve it. He requested PAC to write a letter to his current organization regarding the requirement of his presence. The accountable person failed to report to RAA to resolve it. Therefore, it was requested

to RAA to resolve this issue with the submission of work completion report by the gewog administration.

As per the decision of the PAC consultative meeting held on 10 Sept. 2021 the RAA has written a letter No.RAA/FUCD(R18)2021/1677 adted 14 Sept. 2021 to the Gewog Adm. to explore the possibility of securing resources to make the water supply systems functional and sustainable for the benefit of the users at the earliest.

However, the issue remained unresolved as no further developments were reported by the Gewog as of 31 March 2022.

I.2. EXCESS PAYMENT - NU.0.034 MILLION

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

Status: *Observation not settled. The PAC consultative meeting held on 25/7/2019 reviewed the case including making site visits. The present Gup was instructed to convey ex Gup of the Committee's desire to conduct either public hearing or consultation meeting with them as the government expenditure had been rendered waste. The Gup was also instructed to find out the whereabouts of the contractor and inform the PAC at the earliest. However, no progress had been reported to the RAA as of 10 Sept.2021.*

This issue was redeliberated during the PAC consultative meeting held on 10 Sept. 2021 in NA conference hall, Thimphu where the Gup reported that during the previous meeting with PAC, a call was made to Kencho Wangdi (Engineer) and he acknowledged to report to RAA and resolve it. He requested PAC to write a letter to his current organization regarding the requirement of his presence. The accountable person failed to report to RAA to resolve it. Therefore, it was requested to RAA to resolve this issue with the submission of work completion report by the gewog administration.

As per the decision of the PAC consultative meeting held on 10 Sept. 2021 the RAA has written a letter No.RAA/FUCD(R18)2021/1677 adted 14 Sept. 2021 to the Gewog Adm. to explore the possibility of securing resources to make the water supply systems functional and sustainable for the benefit of the users at the earliest.

However, the issue remained unresolved as no further developments were reported by the Gewog as of 31 March 2022.

I.3. DEFECTIVE WORKS

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

- a. Cracks had developed and the layer of cement plaster on the floor and partition of RRM wall of the Reservoir tank was peeling off;

- b. the HDPE pipe joints were found dislocated/detached at several joints; and
- c. The RRM wall and plinth protection at Water Pump House had developed major cracks.

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

Status: *Observation not settled. The PAC consultative meeting held on 25/7/2019 reviewed the case including making site visits. The present Gup was instructed to convey ex Gup of the Committee's desire to conduct either public hearing or consultation meeting with them as the government expenditure had been rendered waste. The Gup was also instructed to find out the whereabouts of the contractor and inform the PAC at the earliest. However, no progress had been reported to the RAA as of 10 Sept.2021.*

This issue was redeliberated during the PAC consultative meeting held on 10 Sept. 2021 in NA conference hall, Thimphu where the Gup reported that during the previous meeting with PAC, a call was made to Kencho Wangdi (Engineer) and he acknowledged to report to RAA and resolve it. He requested PAC to write a letter to his current organization regarding the requirement of his presence. The accountable person failed to report to RAA to resolve it. Therefore, it was requested to RAA to resolve this issue with the submission of work completion report by the gewog administration.

As per the decision of the PAC consultative meeting held on 10 Sept. 2021 the RAA has written a letter No.RAA/FUCD(R18)2021/1677 adted 14 Sept. 2021 to the Gewog Adm. to explore the possibility of securing resources to make the water supply systems functional and sustainable for the benefit of the users at the earliest.

However, the issue remained unresolved as no further developments were reported by the Gewog as of 31 March 2022.

1.1.3.2. GEWOGS ADMINISTRATION UNDER GASA DZONGKHAG

I. LAYA

Out of the total unsettled irregularities of Nu.2.740 million reported to the Parliament in October 2021, the Gewog Administration, Laya had not settled any irregularities as on 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 31/03/2022	% Resolved
1	Shortfalls, lapses and deficiencies	2.740	-	2.740	-
	Total	2.740		2.740	

The detailed status of irregularities reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 are as discussed below:

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

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

Sl. No.	Observation in Brief	Unsettled reported as on 30/09/2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31/03/2022 (Nu. in million)
1.1.	Payment of TA/DA claims without proper supporting documents	0.037	-	
1.2.	Missing vouchers	2.703	-	
	Total	2.740		

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

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

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

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 12 Aug. 2021 in the DYT hall of Punakha Dzongkhag where the Gewog Adm. reported that Sonam Wangchuk, Accountant, EID No. 200807278 has been directed by Ministry of Finance to compulsorily retire without any retirement benefits.*

The RAA reported that as per the RAA's record Sonam Wangchuk had served as an Accountant of Dzongkhag Administration & Gewog of Gasa and Jigme Dorji National Park and has a record of such lapses in the past. The PAC directed the Dzongkhag Adm. to submit a copy of letter received from MoF relating to compulsory retirement of Sonam Wangchuk without benefits to RAA by 31 Aug. 2021 for review and appropriate decision.

However, no further action taken reports were submitted by the Gewog as of 31 March 2022 and the issue remained unresolved.

1.2. MISSING VOUCHERS - NU.2.703 MILLION

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

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 12 Aug. 2021 in the DYT hall of Punakha Dzongkhag where the Gewog Adm. reported that Sonam Wangchuk, Accountant, EID No. 200807278 has*

been directed by Ministry of Finance to compulsorily retire without any retirement benefits.

The RAA reported that as per the RAA's record Sonam Wangchuk had served as an Accountant of Dzongkhag Administration & Gewog of Gasa and Jigme Dorji National Park and has a record of such lapses in the past. The PAC directed the Dzongkhag Adm. to submit a copy of letter received from MoF relating to compulsory retirement of Sonam Wangchuk without benefits to RAA by 31 Aug. 2021 for review and appropriate decision.

However, no further action taken reports were submitted by the Gewog as of 31 March 2022 and the issue remained unresolved.

II. LUNANA

Out of the total unsettled irregularities of Nu.0.154 million reported to the Parliament in October 2021, the Gewog Administration, Lunana had settled Nu.0.116 million of irregularities leaving a balance of Nu.0.038 million as on 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 31/03/2022	% Resolved
1	Shortfalls, lapses and deficiencies	0.154	0.116	0.038	75.32
	Total	0.154	0.116	0.038	

The detailed status of irregularities reported to the Parliament in October 2021, the irregularities resolved thereafter and the unsettled balance as on 31 March 2022 is as discussed below:

1. Shortfalls, lapses and deficiencies – Nu.0.038 million

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

Sl. No.	Observation in Brief	Unsettled reported as on 30/09/2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31/03/2022 (Nu. in million)
1.1.	Shortage of HSD	0.078	0.078	-
1.2.	Irregular adjustment/payment	0.038	0.038	-
1.3.	Double payment of TA/DA claims	0.038	-	0.038
	Total	0.154	0.116	0.038

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

1.1. SHORTAGE OF FUEL - Nu.0.078 MILLION

The Gewog Administration, Lunana had shortages of 1,610 liters of High Speed Diesel (HSD) fuel worth Nu.0.078 million. A total of 10,210 liters of HSD fuel was purchased

exclusively for fueling the Central Machinery Unit's excavator, of which the logbook records reflected usages of 7,400 liters and stock balance of 1,200 liters (sixbarrels) with resultant shortage of 1,610 liters. The lapses had occurred due to lack of adequate checks and proper system for receipts and issue of fuel at site. *AIN: 14809; Observation; 2.1; Accountabilities: Direct: Sherab Chophel, GAO, EID No. 200705080; Supervisory: Gyembo Tshering, Ex-Gup, CID NO. 10404000122; Kaka, Gup, CID No. 10404000432.*

Status: *Observation settled based on the total fuel consumption details work out and verification made by the Dz. Tender Committee as per the directives of the PAC.*

1.2. IRREGULAR ADJUSTMENT/PAYMENT - Nu.0.038 MILLION

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

Status: *Observation not settled vide follow-up report No. RAA/FuCD(S1-1)2021/2431 dated 23/12/2021*

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

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

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 12 Aug. 2021 in the DYT hall of Punakha Dzongkhag where the Gewog Adm. reported that the amount to be recovered from Sherab Chophel (currently employed in Land Commission) was Nu. 51,820/- (principal 27,500+ interest 24,320). The administration during follow-up with Sherab Chophel for the recovery of the same stated that he couldn't remember whether he deposited the amount or not. Therefore, the administration requested him to either deposit the amount or submit the deposit slip if he has already deposited the amount.*

In the case of Gembo Tshering, Ex-Gup, it was reported that the amount to be recovered from him was Nu. 18,843/- (principal 10,000+interest 8,843) but he couldn't be traced.

RAA reported that, as per the Financial Rules & Regulations it is mandated to file a legal suit against any financial irregularities that has remained unresolved for more than one year. In case of failure to take legal recourse by the management in resolving the same, the head of agency shall be held accountable for it.

The PAC directed the Gewog Adm. to recover the amounts if not take legal recourse against the accountable persons and report to RAA by 31 Aug. 2021.

However, the observation remained unresolved as of 31 March 2022 as no further action report was submitted to the RAA.

III. KHAMOED

The Gewog Administration, Khamoed had settled irregularity of Nu.0.100 million reported to the Parliament in October 2021 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount Resolved (Nu. in Million)	Balance as on 31/03/2022	% Resolved
1	Shortfalls, lapses and deficiencies	0.100	0.100	-	100
	Total	0.100	0.100	-	

The detailed status of irregularity reported to the Parliament in October 2021 which was settled as on 31 March 2022 is as discussed below:

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

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

1.1. SHORTAGES OF FUEL - NU.0.100 MILLION

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

***Status:** Observation settled based on the total fuel consumption details work out by the Dzongkhag and verified by the Dz. Tender Committee as per the directives of the PAC.*

1.1.3.3. GEWOG ADMINISTRATIONS UNDER MONGGAR DZONGKHAG

I. SALING

The total unsettled irregularity of Nu.0.190 million reported to the Parliament in October 2021 remained unsettled as on 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	% Resolved
2	Shortfalls, lapses and deficiencies	0.190	-	0.190	0
	Total	0.190		0.190	

The detailed status of irregularity reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 is as discussed below:

2. Shortfalls, lapses and deficiencies - Nu.0.190 million

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

2.1. NON DEDUCTION OF REBATE OFFERED - Nu.0.190 MILLION

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

Status: *Observation not settled. The PAC consultative meeting held at Samdrupjongkhar from 27 to 28/09/19 instructed the Gewog Administration to follow up with the Contractor to recover the rebate.*

The issue was redeliberated during the PAC consultative meeting held on 3 Aug. 2021 in the DYT hall of Trashigang Dzongkhag and the Gewog Adm. reported that the amount could not be recovered so far as the final bill was still pending as a case relating to this construction is under litigation in Mongar Court. The PAC advised Gewog Administration to follow up with Mongar Court and submit an update to RAA by 31 Aug. 2021.

However, the observation remained unresolved as the amount was not recovered as of 31 March 2022.

II. NARANG

Out of the total unsettled irregularity of Nu.0.046 million reported to the Parliament in October 2021, the Gewog Administration, Narang had settled the irregularity as on 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	% Settled
1	Shortfalls, lapses and deficiencies	0.046	0.046	-	100
	Total	0.046	0.046	-	

The detailed status of the irregularity reported to the Parliament in October 2021 which was settled as on 31 March 2022 is as discussed below:

1. Shortfalls, lapses and deficiencies

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

1.1. EXCESS PAYMENT - Nu.0.046 MILLION

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

Status: *Observation settled as the amount was deposited with the RAA vide R/No.02122 dated 28/10/2021.*

1.1.3.4. GEWOGS ADMINISTRATION UNDER SARPANG DZONGKHAG

I. GAKIDLING

The Gewog Administration, Gakidling had not settled irregularity of Nu.0.742 million reported to the Parliament in October 2021. The irregularity which remained unsettled as on 31 March 2022 is summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	% Settled
1	Shortfalls, lapses and deficiencies	0.742	-	0.742	-
	Total	0.742	-	0.742	

The status of irregularity reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 is as discussed below:

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

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

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

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

Subsequently, the contractor was notified to refund excess payment of Nu.0.811 million vide letter No. GA/PA-7(06)/2016-17/701 dated 10/11/2016. The valuation of work

executed was worked out as Nu.3.344 million and the total payment till 30th October 2016 amounted to Nu.4.165 million i.e. Mobilisation Advance of Nu.0.570 million; 1st RA Bill of Nu.1.948 million; and 2nd RA Bill of Nu.1.647 million.

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

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

Status: *Observation not settled. It was reported that the defendant has appealed to High Court after verdict was issued in favour of Dzongkhag Administration.*

No further developments were reported as of 31 March 2022 against the case.

1.1.3.5. GEWOGS ADMINISTRATION UNDER PUNAKHA DZONGKHAG

I. TALOG

The Gewog Administration, Talog had not settled irregularity of Nu.0.116 million reported to the Parliament in October 2021 as on 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	% Settled
1	Shortfalls, lapses and deficiencies	0.116	-	0.116	-
	Total	0.116	-	0.116	

The detailed status of irregularity reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 is as discussed below:

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

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

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

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

- i. Materials costing Nu.0.079 million were procured for the RWSS work at Pachakha of which materials worth Nu.0.044 million were found missing during the joint physical verification and the rest were found lying idle under custody of Tshogpa.
- ii. HDPE pipes costing Nu.0.100 million was procured for Nobgang village of which pipes worth Nu.0.035 million were found short and rest were found unutilised.
- iii. The stock entries were made by unauthorized officials and reflected as directly issued to site.

- iv. Muster Roll payments aggregating to Nu.0.036 million was shown as paid to masons for works that were not executed at site.

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

Status: *Observation not settled. The issue was deliberated during the PAC consultative meeting held on 13 Aug. 2021 in the DYT hall of Punakha Dzong where the Gup reported that this issue was not resolved because the Site Engineer, LB Chhetri could not be traced till now. The Gup further stated that materials procured were stored in central store and was distributed to the Gewogs by the store keeper.*

However, the Site Engineer, LB Chhetri had come forward and attended the PAC meeting on 13 Aug. 2021 and he explained that he was dismissed from the service from the Dzongkhag after he was fired by the Dzongdag due to some issues. Therefore, he stated that he could not come to resolve the issues until now.

The PAC directed the Gewog Administration alongwith the Dzongkhag Engineering Sector to reconcile the un-accounted construction materials vis-à-vis actual work done and report submitted to RAA by 31 Aug. 2021 for review and decision.

However, the issue remained unresolved as no reports were submitted by the Gewog/Dzongkhag as of 31 March 2022.

AUTONOMOUS AGENCIES

1.1.3.6. THIMPHU THROMDE

Out of the total unsettled irregularities of Nu.0.110 million reported to the Parliament in October 2021, Thimphu Thromde had settled the same as on 31 March 2022 as summarized below.

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	% Settled
2	Violation of laws and rules	-	-	-	-
3	Shortfalls, lapses and deficiencies	0.110	-	0.110	-
	Total	0.110	-	0.110	

The detailed status of irregularities reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 are as discussed below:

1. Violation of Laws & Rules

2.2 IRREGULARITIES IN AWARDING OF WORK AND NON-PRODUCTION OF DOCUMENTS

Thimphu Thomde had irregularities in awarding the construction of storm water drain at Yangchenphug High School and maintenance of city drains. Bid Evaluation Committee had initially disqualified all the bids as none of the firms submitted the details of equipment and human resource. However, the committee later decided to award the work to M/s Yardak Construction based on his lowest financial bid and ignoring the technical capacity.

Further, deposit of EMD of Nu.0.180 million which was forfeited due to failure to execute the work by the contractor into RGR Account could not be verified due to non-production of related documents. *AIN: 14467; Observation: 19; Accountabilities: Direct: Sonam Wangchuk, Asstt. Land Registrar I, EID No. 200605039; Supervisory: Sonam Wangchuk, Asstt. Land Registrar I, EID No. 200605039.*

Status: *Observation not settled. Thimphu Thomde was asked to furnish the evidence of having forfeited the EMD of Nu.180,000.00 and deposited into government account. Based on the decision of PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu, the bi-lateral meeting between RAA and Thimphu Thomde was held on 20/12/19. However, Thimphu Thomde had not taken action as of 30 Aug. 2021 as per the decision of the bilateral meeting held on 20/12/2019.*

The issue was redeliberated during PAC consultative meeting held on 30 Aug. 2021 in the NC conference hall where Thimphu Thomde reported that accountable person has gone to Australia for studies. Upon receipt of follow-up letter from RAA, Thomde communicated the same to the accountable person's wife but no response was received. However, Thomde is planning to recover the amount from Sonam Wangchuk's retirement benefits.

The RAA stated that, this issue had remained unresolved for many years and Thomde had not taken any legal recourse as mandated by Financial Rules & Regulation whereby the head of agency is mandated to take legal recourse against any financial irregularities remaining pending for more than a year. In such cases if legal recourse is not taken head of agency shall be held accountable.

It was decided that, Thomde should either communicate with Sonam Wangchuk or recover the amount from him or from his retirement benefit. In case of failure to recover the amount from him by 15 September 2021, Thomde should take a legal recourse.

However, no action taken report was received by the RAA as of 31 March 2022. As such the issue remained unresolved.

3 Shortfalls, lapses & deficiencies – Nu.0.110 million

3.2 EXCESS PAYMENT - NU.0.110 MILLION

- a) Thimphu Thomde had made an excess payment of Nu.0.110 million to M/s Thuenlam Construction for intermediate wall and slope stabilization works at Youth Development premises. The excess payment had occurred due to payment for quantities in excess of quantities actually executed at site. *AIN: 14467; Observation: 10; Accountabilities: Direct: Teknath Karaia, Dy. Executive Engineer, EID No. 201001178; Supervisory: Tshering Peljore, Forest Officer, EID No. 9211045.*

Status: Observation not settled. Based on the decision of PAC consultative meeting held from 25 to 26/11/19 at National Assembly Hall, Thimphu, the bi-lateral meeting between RAA and Thimphu Thromde was held on 20/12/19. However, the issue remained unresolved as of 30 Aug. 2021.

The issue was redeliberated during the PAC consultative meeting held on 30 Aug. 2021 in NC Conference hall, Thimphu where the Thromde reported that upon following up with the contractor for the recovery of the amount, the contractor verbally acknowledged to pay the amount but had not paid yet. The contractor was reported to be in Thimphu and Thromde is insisting for the recovery of the amount.

The PAC advised the Thromde to recover the amount from the contractor by 15 Sept. 2021 if not take a legal recourse.

However, no action taken report was received by the RAA as of 31 March 2022. As such the issue remained unresolved.

1.1.3.7. DRATSHANG LHENTSHOG

Out of the total unsettled irregularities of Nu.16.551 million reported to the Parliament in October 2021, Dratshang Lhentshog had settled the irregularities of Nu.0.052 million leaving a balance of Nu.16.499 million as on 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	% Settled
1	Violation of laws and rules	2.340	-	2.340	-
2	Shortfalls, lapses and deficiencies	14.211	0.052	14.159	0.37
	Total	16.551	0.052	16.499	

The detailed status of irregularities reported to the Parliament in October 2021, irregularities settled thereafter and the balances as on 31 March 2022 are as discussed below:

1. Violation of laws and rules - Nu.2.340 million

There were cases of violation of laws and rules involving Nu.2.340 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported as on 30/09/2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31/03/2022 (Nu. in million)
1.1	Non-levy of 10% Liquidated damages for delay in completion of work	Unsettled	-	Settled
1.2	Avoidable expenditure on consultancy fee	2.340	-	2.340
	Total	2.340	-	2.340

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

1.1. NON-LEVY OF 10% LIQUIDATED DAMAGES FOR DELAY IN COMPLETION OF WORK

The Dratshang Lhentshog had not levied 10% liquidated damages for delay in completion of work in the construction of *Losel Yanchenling Anim Zhirim Lobdra Tewa* at Yagpogang, Monggar as per General Conditions of Contract (GCC). *AIN: 14751; Observation: 1.1; Accountabilities: Direct: Rinzin Phurba, Project Engineer, EID No. 9507029; Supervisory: Ugyen Tshering, Project Manager, EID No. 200901028.*

Status: *Observation settled vide follow-up report reference No. RAA/FuCD(S1-1)2021/2431 dated 23/12/2021.*

1.2. AVOIDABLE EXPENDITURE ON CONSULTANCY FEE - Nu.2.340 MILLION

The Dratshang Lhentshog had incurred an avoidable expenditure of Nu.2.340 million on account of consultancy service fee of Nu.0.060 million per month paid to M/s Basic Consultancy hired as the Supervision Consultant for the construction of *Losel Yanchenling Anim Zhirim Lobdra Tewa* at Yagpogang, Monggar. The Consultant was paid for 39 months even after the expiry of contract duration on 19th February, 2014 and the work progress was delayed by more than three year at the time of Audit in April 2017.

The delay in completion of works by the contractor was aggravated by the failure of the Supervision Consultant in its responsibility and thus the payment of consultancy service fee for supervision was not justifiable. *AIN: 14751; Observation: 1.2; Accountabilities: Direct: Rinzin Phurba, Project Engineer, EID No. 9507029; Supervisory: Ugyen Tshering, Project Manager, EID No. 200901028.*

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in NA conference hall, Thimphu where the Project Manager reported that the Government of India funded four major projects in Bhutan. Out of the four projects, one was executed in Mongar. Since the project was executed in Mongar and the supervisory personnel were stationed at Thimphu (Management of Dratshang Lhentshog) a need was felt to deploy an employee to Mongar to supervise the execution of the works. Due to shortage of manpower, consultation firm was sent to Mongar to supervise the work for timely and quality execution of work.*

The PAC advised the Dratshang Lhentshog to submit all the justifications related to this issue to RAA by 30 Sept. 2021 for review and appropriate decision.

However, the issue remained unresolved as of 31 March 2022. A follow-up report has been sent vide letter No. RAA/FuCD(S1-1)2021/2431 dated 23/12/2021.

2. Shortfalls, lapses and deficiencies - Nu. 14.159 million

There were cases of Shortfalls, lapses and deficiencies involving Nu.14.211million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported as on 30/09/2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31/03/2022 (Nu. in million)
2.1.	Excess Payment to Contractor	0.052	0.052	-
2.2.	Outstanding PW Advances	14.159	-	14.159
	Total	14.211	0.052	14.159

The cases of Shortfalls, lapses and deficiencies involving Nu.14.211 million are as indicated below:

2.1. EXCESS PAYMENT TO CONTRACTOR - NU.0.052 MILLION

The Dratshang Lhentshog had made excess payments amounting to Nu.0.052 million to contractor due to payment at rates higher than quoted rates for some items of works in the construction of *Losel Yangchenling Anim Zhirim Lobdra Tewa* at Yagpogang, Monggar. The lapses had occurred due to oversight by the Consultant Engineer and Project Engineer during the verification of bills, indicating weakness in internal control. *AIN: 14751; Observation: 1.3; Accountabilities: Direct: Rinzin Phurba, Project Engineer, EID No. 9507029; Supervisory: Ugyen Tshering, Project Manager, EID No. 200901028.*

Status: *Observation settled vide follow-up report reference No. RAA/FuCD(S1-1)2021/2431 dated 23/12/2021.*

2.2. OUTSTANDING PW ADVANCES - NU.14.159 MILLION

The Dratshang Lhentshog had overdue Public Works Advances amounting to Nu.16.297 million lying unadjusted against contractor in the construction of *Losel Yangchenling Anim Zhirim Lobdra Tewa* at Yagpogang, Monggar. The contractor had completed about 95% of the work at the time of audit in April 2017, but Mobilization Advance of Nu.2.985 million and Secured Advance of Nu.13.312 million were still lying unadjusted from the contractor.

All advances should have been recovered when 80% of contract works were completed as per General Conditions of Contract. *AIN: 14751; Observation: 1.5; Accountabilities: Direct: Rinzin Phurba, Project Engineer, EID No. 9507029; Supervisory: Kinley Dorji, Chief AFD, EID No. 7601031.*

Status: *Observation not settled. The unsettled balance of Nu.14.159 million reported earlier remained unsettled as of 13 Sept. 2021.*

This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in NA conference hall, Thimphu where Project Manager reported that the contractor filed for arbitration claiming approximately Nu. 10 million from Dratshang Lhentshog for the works executed by him. Since, he couldn't produce evidences to justify his claims, it was rejected by the arbitrators. After his claim was rejected by the arbitrators the contractor then submitted that he had not signed the contract agreement with the Dratshang Lhentshog and his signature has been forged, thus turning the civil suit into criminal case. Dratshang Lhentshog appealed to High Court and then to Supreme Court. Supreme Court pronounced that the judgement cannot be passed on this case until the signature of contractor is verified and authenticated by the relevant authority. As directed by the Supreme Court, a letter was submitted by Royal Bhutan Police requesting them to verify the authenticity of the signature of the contractor. As of now, the report/decision of RBP is awaited.

The issue remained status quo since the case was sub judice.

A follow-up report has been issued vide letter No. RAA/FuCD(S1-1)2021/2431 dated 23/12/2021.

1.1.3.8. PHUENTSHOLING THROMDE

Out of the total unsettled irregularities of Nu.2.233 million reported to the Parliament in October 2021, Phuentsholing Thromde had not settled the amount as on 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	% Settled
1	Mismanagement	2.233	-	2.233	-
3	Shortfalls, lapses and deficiencies	-	-	-	-
	Total	2.233	-	2.233	

The detailed status of irregularities reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 are as discussed below:

1. Mismanagement – Nu.2.230 million

1.1. OUTSTANDING LAND TAXES - NU.2.230 MILLION

Phuentsholing Thromde had outstanding urban land taxes amounting to Nu.3.051 million lying unsettled for the extended areas under Phuentsholing and Sampheling Gewog. *AIN: 14426; Observation: 1.4; Accountabilities: Direct: Deki, Adm. Asstt., EID No. 2009008; Supervisory: Sherub Tenzin, SSE, EID No. 200901218.*

Status: *Observation not settled. The PAC consultative meeting held at Samtse from 30/09/19–02/10/19 asked the Thromde to make an announcement in the media on outstanding land taxes and if people do not turn up after that, then Thromde should coordinate with NLC and explore next course of action. However, the Thromde reported no progress as of 31 March 2022.*

This issue was redeliberated during the PAC consultative meeting virtually held on 7 Oct 2021 where Land Record Officer reported that Thromde through an announcement in BSS directed the private land owners to pay the outstanding land tax. Further one month was extended for the payment of land tax. Out of 400 private individuals, 381 paid the outstanding land tax amounting to Nu. 2,090,889/- As of now, the remaining outstanding is Nu. 3,051,000/- The remaining amount could not be recovered because whereabouts of the 12 individuals are unknown. In case of governmental institution, the tax couldn't be realized due to directives of the Ministry of Finance wherein it was notified to exempt Zhung Dratshang from tax till 2017. Furthermore, RBA, RBP and CST is seeking for the same exemption from MoF.

The PAC directed that Thromde to submit the details of outstanding taxes recovered and the order issued by the MoF regarding exemption of land tax for Zhung Dratshang till 2017 to RAA by 31 October 2021 for review and appropriate decision.

However, the observation remained unresolved as no further action taken report was submitted to the RAA as of 31 March 2022.

2. Shortfalls, lapses & deficiencies

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

2.1. DIFFERENCES IN BANK STATEMENT AND CD ACCOUNT CASH BOOK

Current Deposit Account of Phuentsholing Thromde had excess deposit of Nu.4.372 million during the fiscal year 2015-16. The revenue collection/deposit as per the cash book was Nu.63.408 million whereas the total deposit as per bank statement was Nu.67.780 million with the excess deposit of Nu.4.372 million. Such huge difference was apparently due to failure of the dealing officials to reconcile the collections and deposits of the revenue; and also due to failure of the Supervising Officer to exercise necessary checks to ensure periodic reconciliation of the balance. *AIN: 14426; Observation: 1.3; Accountabilities: Direct: Kuenzang Nidup, Accounts Assistant, EID No. 9502006; Supervisory: R. B. Ghalley, Accounts Officer, EID No. 8801083.*

Status *Observation not settled. As per the PAC Meeting held on 02/10/2019 the Thromde was asked to submit the latest status to audit within two week from the date of hearing. However, Thromde had not submitted the status as of 31 March 2022.*

This issue was redeliberated during the PAC consultative meeting held virtually on 7 Oct. 2021 where Phuntsholing Thromde reported that on 2 October 2019 PAC directed Thromde to submit the latest status to RAA within two weeks from the date of meeting and accordingly on 10 October 2019, Thromde submitted the status report to RAA.

RAA reported that on 11 Feb 2020 follow up report was sent to Thromde reporting the pendency of the audit issues but didn't receive any response or follow ups on the same from the Thromde.

Further, on 16 September 2021 Thromde submitted a report to RAA updating them about the recovery of Nu. 4 million out of Nu. 4.3 million approximately, remaining with a balance amount of Nu. 336,000/- approximately. It was also stated that Thromde has received the bank statements and the management will review the transactions to reconcile the accounts.

The PAC directed that Thromde should submit the latest updates to RAA by 31 October 2021 and discuss with the RAA to resolve this issue.

However, the observation remained unresolved as no further action taken report was submitted to the RAA as of 31 March 2022.

1.1.4. NON GOVERNMENTAL ORGANIZATIONS

1.1.4.1. BHUTAN FILM ASSOCIATION

Out of the total unsettled irregularities of Nu.18.034 million reported to the Parliament in October 2021, Bhutan Film Association had not settled any irregularities as on 31 March 2022 as summarized below:

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. in Million)	Amount Settled (Nu. in Million)	Balance as on 31/03/2022	% Settled
1	Mismanagement	17.912	-	17.912	-
2	Shortfalls, lapses and deficiencies	0.122	-	0.122	-
	Total	18.034	-	18.034	-

The detailed status of irregularities reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 are as discussed below:

1. Mismanagement - Nu.17.912 million

There were cases of mismanagement involving Nu.17.912 million as summarised below:

Sl. No.	Observation in Brief	Unsettled reported as on 30/09/2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31/03/2022 (Nu. in million)
1.1	Non-realization of cost of film screening equipment from Bhutan Film Distributor	4.752	-	4.752
1.2	Fixed assets remaining idle	13.160	-	13.160
	Total	17.912	-	17.912

The cases of mismanagement are as indicated below:

1.1. NON-REALIZATION OF COST OF FILM SCREENING EQUIPMENT FROM BHUTAN FILM DISTRIBUTOR - NU.4.752 MILLION

The Bhutan Film Association (BFA) had procured 60 sets of film screening equipment worth Nu.6.899 million funded by KOICA, Government of the Republic of Korea. All the film screening equipment were handed-over to Bhutan Film Distributor (BFD), Thimphu on 28/07/2015 with an agreement similar to hire-purchase system. The two conditions of the agreement, among others, were that - i) BFD must pay monthly installment of Nu.3,300.00 per set for 60 sets for three years after two months from the date of release of the first film; and ii) after completion of final installment, the ownership to the equipment shall be formally handed over to the BFD.

However, even after two years BFA had not received any installment for the hire-purchase agreement nor was there any record indicating the association's effort to realize the installment from the latter. Subsequently, based on the Board's decision to rescind the contract, 40 sets of the equipment were taken back, and the remaining 20 sets were left with BFD under a new contract agreement. The hire charges due amounting to Nu.4.752 million was not realized from BFD till date of audit. *AIN: 14849; Observation: 1; Accountabilities: Direct: Tandin Wangchuk, General Manager, Bhutan Film Distributor, CID No. 11606000048; Supervisory: Yeshe Dorji, Executive Director, CID No. 10712002031.*

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 8 Sept. 2021 in NA confrence hall, Thimphu where the President of BFA reported that, Bhutan Film Distributor was declared bankrupt by the Royal Court of Justice. Upon following up with Tandin Wangchuk, General Manager of Bhutan Film Distributor, he stated that he was in Samdrup Jongkhar doing some*

contract works. It was conveyed that, out of 60 sets of film screening equipment, 40 sets had already been returned to the Tshogpa of Bhutan Film Association and the remaining 20 sets were with him which he promised to return at the earliest.

It was decided that BFA should submit the evidence proving the bankruptcy of Bhutan Film Distributor and recover the remaining 20 sets from Tandin Wangchuk by 31 Oct. 2021 and report to RAA accordingly.

However, the observation remained unresolved as of 31 March 2022. A follow-up report has been sent vide letter No.RAA/FUCD(F50)BFA/2021/2127 dated 22/11/2021.

1.2. FIXED ASSETS WORTH NU.13.160 MILLION REMAINING IDLE

The BFA had large quantities of fixed assets worth Nu.13.160 million lying idle. Immediate management action either for its effective utilization and proper storage or for its disposal was deemed necessary. *AIN: 14849; Observation: 2; Accountabilities: Direct: Yeshe Dorji, Executive Director, CID No. 10712002031; Tuka Gurung, Finance/Admin. Officer, CID No. 1201001452; Yeshey Dorji, IT Officer, CID No. 10204000137; Supervisory: Tobgyel, President, CID No. 11410002207; Kesang Jigmi, CID No. 11101001183; Tshering Phuntsho, CID No. 10202000660; Pema Tshering, CID No.11705001918; Yeshey Tshering, CID No. 10801100069; Kinley Dorji, CID No. 10811000784; Tshechu Dorji Wong, CID No. 11410003623; Tshering Dorji, CID No. 11410008578.*

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 8 Sept. 2021 in NA conference hall, Thimphu where the RAA stated that this issue can be resolved through a bilateral meeting between RAA & BFA; so it was decided that RAA and BFA should resolve this issue through a bilateral meeting by 31 Oct. 2021.*

However, the observation remained unresolved as of 31 March 2022. A follow-up report has been sent vide letter No.RAA/FUCD(F50)BFA/2021/2127 dated 22/11/2021.

2. Shortfalls, lapses & deficiencies - Nu.0.122 million

There was a case of shortfalls, lapses and deficiencies involving Nu.0.122 million as indicated below:

2.1. SHORTAGE/MISSING OF ASSETS WORTH NU.0.122 MILLION

The BFA had shortage/missing assets such as LCD monitor, light stand, plastic chairs, etc. worth Nu.0.122 million noted during the joint physical verification of assets and equipment. The management was required to trace whereabouts of the assets or recover the cost from the person responsible according to Chapter V of the Property Management Manual 2016. *AIN: 14849; Observation: 1 & 3. Accountabilities: Direct: Yeshey Dorji, IT Officer, CID No. 102044000137; Supervisory: Yeshey Dorji, IT Officer, CID No. 102044000137*

Status: Observation not settled. This issue was deliberated during the PAC consultative meeting held on 8 Sept. 2021 in NA conference hall, Thimphu where the RAA stated that this issue can be resolved through a bilateral meeting between RAA & BFA; so it was decided that RAA and BFA should resolve this issue through a bilateral meeting by 31 Oct. 2021.

However, the observation remained unresolved as of 31 March 2022. A follow-up report has been sent vide letter No.RAA/FUCD(F50)BFA/2021/2127 dated 22/11/2021.



REVIEW REPORT OF ANNUAL AUDIT REPORT 2018

(Status as on 31 March 2022)

ROYAL AUDIT AUTHORITY

PART-I Summary of Review Report of AAR 2018

The Royal Audit Authority had submitted the Review Report of the Annual Audit Report 2018 to the 6th Session of the Third Parliament in October 2021. The report had total significant unsettled irregularities of Nu.1,222.850 million consisting of Nu.121.142 million against budgetary agencies; Nu.64.630 million against Non-Budgetary Agencies and Nu.1,037.078 million against Hydro Power Projects.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up at various levels and out of the unsettled irregularities of Nu.1,222.850 million reported to the Parliament in October 2021 subsequently irregularities amounting to Nu.35.390 million against Budgetary Agencies and Nu.2.100 million against Non-budgetary Agencies were settled. However, the total irregularities of Nu. 1,037.078 million against Hydro Power Projects remained unsettled as on 31 March 2022 as shown in the table below.

Table: Showing agency wise irregularities settled and balances as on 31 March 2022.

SL No.	Agencies	Unresolved irregularities last reported as on 30/09/2021 (Nu.in Million)	Irregularities resolved as on 31/03/2022 (Nu.in Million)	Balance irregularities as on 31/03/2022 (Nu.in Million)	Percentage of irregularities resolved as on 31/03/2022
1	Ministries	12.557	5.882	6.675	46.84
2	Dzongkhags	87.660	21.796	65.864	24.86
3	Gewogs	11.300	6.987	4.313	61.83
4	Autonomous Agencies	9.625	0.725	8.900	7.53
Total Budgetary Agencies-A (1to 4)		121.142	35.390	85.752	29.21
5	Corporations	55.200	2.100	53.100	3.80
6	Non Governmental Organizations	9.430	-	9.430	-
Total Non-Budgetary Agencies - B (5 to 6)		64.630	2.100	62.530	3.25
8	Hydropower Projects	1,037.078	-	1,037.078	-
Total Hydropower Projects-C (8)		1,037.078	-	1,037.078	-
Grand Total (A+B+C)		1,222.850	37.490	1,185.360	3.07

As transpired from table above, out of the total unsettled irregularities of Nu.1, 222.850 million reported unsettled as of 30 Sept. 2021, irregularities amounting to Nu.37.490 million were settled leaving a balance of Nu.1,185.360 million as on 31 March 2022. The detailed review report of the agencies are highlighted hereunder.

PART-II DETAILED REVIEW REPORT

This chapter contains the summaries of unresolved significant audit observations from the audit reports issued during the year 2018. The draft AAR 2018 reported significant irregularities involving Nu.922.727 million out of which observations amounting to Nu.318.347 million were resolved based on the responses received and actions taken after the draft AAR 2018.

The total unresolved significant irregularities having financial implication of Nu. 2,376.257 million as on 31 March 2019 were reflected in the AAR 2018. The details of agencywise unsettled irregularities reported to the Parliament in June 2019 and irregularities resolved thereafter and balance unresolved ones as of 31 March 2022 are reported hereunder.

1.3.1 MINISTRIES

1.3.1.1 MINISTRY OF AGRICULTURE AND FORESTS

During the year, the RAA conducted 68 audits of Ministry of Agriculture and Forests, its departments, divisions and units. There were 73 observations amounting to Nu.98.332 million of which 35 observations amounting to Nu.1.899 million were either resolved prior to the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.96.433 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Ministry and its departments, divisions and units, observations amounting to Nu.16.340 million were resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.80.093 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Ministry of Agriculture and all the irregularities reported to the Parliament in October 2021 were settled as on 31 March 2022 as reported below.

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
3	Shortfalls, Lapses and Deficiencies	-	-	-	-
	Total	-	-	-	#DIV/0!

The details of unsettled irregularity reported to the Parliament in October 2021 which got resolved as on 31 March 2022 is as discussed below:

1. Shortfalls, Lapses and Deficiencies

There was a case of shortfalls, lapses and deficiencies as summarised below:

3.6. INCONSISTENCY IN THE MAINTENANCE OF LIVESTOCK AT THE FARM

The Regional Pig Breeding Centre Yusipang had not maintained records in a timely manner, which impeded the review of mortality rate and productivity of newly introduced breed of pigs. 22 of 138 pigs imported had died indicating a mortality rate of 16%. While 83 of the 119 female pigs had delivered a total litter of 881 piglets, 4 had not farrowed even once and for 10, pregnancy had failed repeatedly. There were also inconsistencies in the lactation cycle of the pigs. The Centre had

neither conducted medical investigation, nor consulted veterinary experts on the issue, indicating apathy of the management towards its responsibilities. *AIN: 15057; Para: 1.2; Accountabilities: Direct: Choidup Gyeltshen, Farm Manager, EID # 8003043; Supervisory: Choidup Gyeltshen, Farm Manager, EID # 8403043.*

Status: *Observation settled. The observation has been settled as per the decision of the Follow-up Committee Meeting held on 6 Oct. 2021 based on the justifications submitted by the Ministry.*

1.3.1.3 MINISTRY OF FINANCE

During the year, the RAA conducted nine audits of Ministry of Finance and its departments, divisions and units. There were 14 observations amounting to Nu.1.087 million of which eight observations amounting to Nu.0.208 million were either resolved prior to the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.0.879 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Ministry and its departments, divisions and units, observations amounting to Nu.0.192 million were resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.0.687 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Ministry and out of the balance unsettled irregularities of Nu. 0.205 million reported to the Parliament in October 2021, the same was not settled as on 31 March 2022 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
1	Mismanagement	0.205	-	0.205	-
	Total	0.205	-	0.205	-

The details of unsettled irregularity reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 is as discussed below:

1. Mismanagement – Nu.0.205 million

There was a case of mismanagement involving Nu.0.205 million as indicated below:

1.1. NON-REALIZATION OF THE OUTSTANDING SALES TAX - NU.0.205 MILLION

The Regional Revenue and Customs Office (RRC0), Bumthang had not realised outstanding sales tax amounting to Nu.0.317 million from three business units i.e. M/s Hotel Jakar View - Nu.0.056 million; M/s Araya Zhamlha Guest House - Nu.0.020 million; and M/s Kinzang Norling International - Nu.0.241 million. Sales Tax for Income Years 2014 and 2015 had remained unrealized even at the time of audit in October 2017.

As of 31 March 2019, outstanding tax amounting to Nu.0.056 million pertaining to M/s Hotel Jakar View was recovered leaving balance of Nu.0.261 million. *AIN: 15020; Para: 2; Accountabilities: Direct: Tashi Phuntsho, Asst. Collector, EID # 201101050; Supervisory: Jit Badhur Waiba, Regional Director, EID # 8607062.*

Status: Observation not settled. A sum of Nu.0.056 million was collected From M/s Hotel Jakar View and deposited into RGR vide R/No.RC621887569918 dated 09/03/2018 as per letter No.RRCO/BM/ADM-18/1412 dated 04/04/2018. The unsettled balance of Nu.0.205 million remained unrecovered as on 6 Sept. 2021.

This issue was deliberated during the PAC consultative meeting held on 6 Sept. 2021 in NA conference hall where the Legal Officer of MoF reported that the accountable person failed to make the payments as accepted earlier and has appealed to the finance minister justifying that he couldn't make the payments as agreed earlier as he was financially affected by COVID situation and requested for time extension till 3 Dec. 2021. The decision of the Finance Minister was awaited.

The PAC directed the MoF to resolve the issue by 31 Dec. 2021.

The balance unrecovered amount of Nu.0.205 million reported earlier remained unsettled as of 31 March 2022. The RAA has served a reminder letter to the ministry vide letter No.RAA/Bt/Fs-01/2020/93 dated 06/08/2020.

1.3.1.4 MINISTRY OF FOREIGN AFFAIRS

During the year, the RAA conducted eight audits of Ministry of Foreign Affairs and its embassies and missions abroad. There were 15 observations amounting to Nu.25.011 million of which three observations amounting to Nu.0.129 million were either resolved prior to the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.24.882 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Ministry and its embassies and missions abroad, observations amounting to Nu.15.317 million were resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.9.565 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Ministry and out of the balance unsettled irregularities of Nu. 1.458 million reported to the Parliament in October 2021 has been settled as on 31 March 2022 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
3	Shortfalls, Lapses and Deficiencies	1.458	1.458	-	100
	Total	1.458	1.458	-	

The details of unsettled irregularity reported to the Parliament in October 2021 which got resolved as on 31 March 2022 is as discussed below:

Shortfalls, Lapses and Deficiencies

1.1. IRREGULAR REFUND OF MEDICAL INSURANCE – NU.1.458 MILLION

The PMB, New York had made irregular refund of medical insurance amounting to Nu.1.458 million (USD 20,488.77) to the former Deputy Permanent Representative (DPR) of the Mission, Mr. Tshering Gyaltsen Penjor. The former DPR's spouse worked for the UNICEF office in Budapest, Hungary and

enjoyed medical and dental insurance benefits that covered her spouse as well.

However, the full medical insurance contributions amounting to Nu.1.458 million made to UNICEF by the spouse was found refunded by the Mission to the former DPR through an approved Note Sheet dated 1 August 2014 citing cost savings to the Government. There was apparent ambiguity and lack of clarity on the reimbursement made by the Mission to the former DPR. *AIN: 15587; Para: 2b; Accountabilities: Direct: Tshering Gyeltshen Penjor, Ambassador, EID No; 9202008; Supervisory: Kuenzang C Namgyel, Ambassador, EID # 8001018.*

Status: *Observation settled. Observation was settled based on the decision of the Follow Up- Committee conducted on 06/10/2021.*

1.3.1.6 MINISTRY OF HOME AND CULTURAL AFFAIRS

During the year, the RAA conducted 20 audits of Ministry of Home and Cultural Affairs, its departments, divisions and units. There were 19 observations amounting to Nu.3.158 million of which nine observations amounting to Nu.1.661 million were either resolved prior to the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.1.497 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Ministry and its departments, divisions and units, observations amounting to Nu.0.444 million were resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.1.053 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Ministry and out of the total unsettled irregularities of Nu. 0.537 million reported to the Parliament in October 2021; Nu.0.117 million was settled leaving a balance of Nu.0.420 million as on 31 March 2022 as shown in the report below.

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
1	Non-Compliance to Laws and Rules	0.462	0.042	0.420	9
2	Shortfalls, Lapses and Deficiencies	0.075	0.075	-	100
	Total	0.537	0.117	0.420	22

The details of unsettled irregularities reported to the Parliament in October 2021, the irregularities settled thereafter and the unsettled balances as on 31 March 2022 are as discussed below:

1. Non-compliance to Laws and Rules – Nu.0.420 million

There were cases of non-compliance to laws and rules involving Nu.0.462 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
1.1	Relieving from service without fulfilling the service/financial obligation	0.183	-	0.183

1.2	Non-deposit of contractor's financial obligation upon termination of contract	0.237	-	0.237
1.3	Items provided other than specified and recoverable thereof	0.042	0.042	-
1.4	Delay in construction of academic block of RBP Training Institute	-	-	Unsettled
1.5	Delay in construction of temporary family quarters at Rinchending check post, Phuentsholing	-	-	Unsettled
Total		0.462	0.042	0.420

1.1. RELIEVING FROM SERVICE WITHOUT FULFILLING THE SERVICE/FINANCIAL OBLIGATION- NU.0.183 MILLION

The Department of Immigration and the Human Resource Division under Ministry of Home & Culture Affairs had accepted the voluntary resignation and relieved an Immigration Inspector without having fulfilled the service and financial obligations. The official had not been paid retirement benefits amounting to Nu.0.699 million, despite having been relieved from the Immigration Office, Paro International Airport in June 2016. In addition, there was no Separation Order from the RCSC on record.

Further, the official also had in-service training obligation for study leave of 36 months availed to pursue Bachelor of Commerce (Hons.) on self-funding mode with full pay at Raid Laban College, Shillong, India. The study leave was granted in 2010 and he had reported back to duty in 2014. The official was relieved without observing the provision of the BCSR on service and financial obligation. *AIN: 15336; Para: 1; Accountabilities: Direct: Damchu Wangdi, EID # 200201042; Chief Immigration Officer, Paro International Airport, Paro; Supervisory: Norbu Wangchuk, EID # 200701153, Sr. Immigration Officer, DoI, Thimphu.*

Status: *Observation not settled. An amount of Nu.0.517 million was deposited vide receipt No. 428538 dated 23/4/2019 leaving a balance of Nu.0.183 million which remained unsettled as of 6 Sept. 2021.*

This issue was deliberated during the PAC consultative meeting held on 6 Sept. 2021 in NA conference hall, Thimphu where the Department of Immigration reported that the retirement benefit of the accountable person was not sufficient to adjust the amount to be recovered from him. HRO followed-up with the accountable person to recover the amount but couldn't recover the same. The legal officer then filed a suit in Thimphu District Court and the Court has directed the accountable person pay the amount by 25 Nov. 2021.

The PAC advised the Department of Immigration to follow up with the accountable person and recover the amount by 26 Nov. 2021 and the RAA intimated accordingly.

The issue remained unsettled as the balance unrecovered amount of Nu.0.183 million reported earlier remained as it is as of 31 March 2022. As per the Court Verdict No. nil dated 25/5/2021 Nu, 355,431.08 has to be recovered from Sangay Dorji, Asstt. Immigration Inspector, DoI, Paro by 13/5/2021 within a period of 6 months from the date of the verdict.

1.2. NON-DEPOSIT OF CONTRACTOR'S FINANCIAL OBLIGATION UPON TERMINATION OF CONTRACT - NU.0.237 MILLION

The GoI funded 'Phajoding Conservation Project' implemented by Department of Culture had not recovered the financial obligation amount of Nu.0.237 million upon termination of contract from M/s Chencho Drupjur Construction in the construction of Dinning-cum-Kitchen and Toilet at Phajoding Monastery. *AIN: 15362; Para: 1; Accountabilities: Direct: Sonam Tobgay, CID #11501001831, Project Engineer, (Contract) PMCP, DoC; Pasang Norbu, M/s Chencho Drupjur Construction, Shaba, Paro,*

CDB # 7349, TL # 1030475, 1(Paro-2014)34; Supervisory: Dechen Dorji, EID # 9607009; Project Manager, PMCP, DoC.

Status: Observation not settled. This issue was deliberated during the PAC consultative meeting held on 6 Sept. 2021 in NA conference hall, Thimphu where the Department of Culture reported that performance security was forfeited on termination of the contract. Further, necessary follow-up were made to recover the 10% penalty (LD) but couldn't recover the same. The legal officer then filed a legal suit and is pending before the court of law.

The PAC advised Department to follow up with the court to expedite the case and recover the amount and inform the RAA accordingly.

However, the case remained unresolved as the amount was not recovered as 31 March 2022.

1.3. ITEMS PROVIDED OTHER THAN SPECIFIED AND RECOVERABLE THEREOF - NU.0.042 MILLION

The Royal Bhutan Police (RBP), Headquarters (HQ) Thimphu had accepted items other than specified in the Bills of Quantities (BOQ) amounting to Nu.0.066 million with regard to toilet/bathroom fittings and fixture in the construction of family quarters at Samdrup Choling, Samdrup Jongkar, Jigme Ling, and Tashigatshel. The contractor had provided plastic cisterns in the toilets instead of vitreous china cisterns.

In addition, there were neither approval sought from the tender committee for change of items nor had the RBP management carried out rate analysis for the changes. The Handing and Taking Committee had also certified and accepted the works executed without due regard to the specification. As of 31 March 2019, recoveries amounting to Nu.0.024 million was made leaving balance of Nu.0.042 million. AIN: 15087; Para: 2; Accountabilities: Direct: Ugyen, Executive Engineer, CID # 11506000961/PIN # 3797; Sonam Phuntsho, Junior Engineer, CID # 11505005084/PIN # 5979; Samphel Dendup, Asst. Engineer, CID # 12006000844/PIN # 6149; Supervisory: Sonam Wangdi, Chief Engineer, CID # 11506001122/PIN # 2004.

Status: Observation settled as the amount was deposited vide receipt No.428053 dt.19/7/2018 and receipt No. 428530 dt.16/4/2019.

1.4. DELAY IN CONSTRUCTION OF ACADEMIC BLOCK OF ROYAL BHUTAN POLICE TRAINING INSTITUTE (RBPTI), JIGMELING

The construction of Academic Block at Royal Bhutan Police Training Institute (RBPTI), Jigmeling was found incomplete with poor progress of work at site. The work undertaken by M/s Druk Tsentop Construction Private Limited was scheduled to complete by 21 July 2016, but was granted time extension till 21 February 2017. However, at the time of audit in December 2017, the construction work was found delayed by 10 months with work progress of only 84% as reported by the Project Engineer.

The contractor had also signed an undertaking letter on 17 March 2017 to complete construction of Academic Block by 15 June 2017, but had failed to do so. In addition, the Performance Bank Guarantee of Nu.3.492 million submitted by the contractor was found expired on 31 December 2015 and was not renewed at the time of audit in December 2017. AIN: 15087; Para: 4.1; Accountabilities: Direct: Sonam Phuntsho, Junior Engineer, CID # 11505005084/PIN # 5979; Supervisory: Sonam Wangdi, Chief Engineer, CID # 11506001122/PIN # 2004.

Status: Observation not settled. This issue was deliberated during the PAC consultative meeting held on 6 Sept. 2021 in NA conference hall, Thimphu where the RBP reported that M/s Druk Tsentop Construction Pvt. Ltd. couldn't complete the work and the contract was terminated. The case was

taken up for arbitration but failed to proceed it as the same was not accepted by the contractor. On 27 Nov. 2020, Legal Officer filed a case in Sarpang Dzongkhag Court and is sub judice there.

The PAC directed that RBP should follow up with the court and communicate the progress on the same to RAA accordingly.

However, the case remained unresolved as of 31 March 2022. Follow-up report has been sent vide RAA/FUCD(Y1-RBP)2021/2432 dt.23/12/2021.

1.5. DELAY IN CONSTRUCTION OF TEMPORARY FAMILY QUARTERS AT RINCHENDING CHECK POST, PHUENTSHOLING

The RBP HQ, Thimphu had taken up the construction of temporary family quarters at Rinchening, Phuentsholing which was found incomplete with poor progress of work at site. The work undertaken by M/s T Denka Construction was scheduled to complete by 30 June 2017. However, the construction work was delayed by seven months and the Performance Bank Guarantee of Nu.0.269 million submitted by the contractor was found expired on 26 June 2017. There was no work progress and was found discontinued and the Performance Bank Guarantee was not renewed at the time of audit in December 2017. *AIN: 15087; Para: 4.2; Accountabilities: Direct: Deki, Executive Engineer, CID # 11503003820/PIN # 5029; Supervisory: Sonam Wangdi, Chief Engineer, CID # 11506001122/PIN # 2004.*

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 6 Sept. 2021 in NA conference hall, Thimphu where the RBP reported that all the actual work was carried out by the project manager (Rinzin) who was authorized by M/s T Denka Construction through a power of attorney. Since the whereabouts of the project manager is unknown and the license belongs to M/s T Denka Construction, a suit was filed against M/s T Denka Construction before the court of law and is sub judice.*

The PAC directed that RBP should follow up with the court and communicate the progress on the same to RAA accordingly.

However, the case remained unresolved as of 31 March 2022. Follow-up report has been sent vide RAA/FUCD(Y1-RBP)2021/2432 dt.23/12/2021.

2. Shortfalls, Lapses and Deficiencies

The case of shortfalls, lapses and deficiencies involving Nu.0.075 million is as indicated below:

2.1. EXCESS PAYMENTS IN EARTH WORKS AND FILLING, PLINTH PROTECTION AND ELECTRICAL WORKS AMOUNTING TO NU.0.075 MILLION

The RBP HQ, Thimphu had made excess payments of Nu.0.495 million in the construction of Academic Block of RBPTI in Jigmeling. The contractor was paid Nu.0.402 million in foundation excavation and filling works due to 'box cutting' excavation instead of excavation of foundation trenches or drains as specified in Bills of Quantities (BoQ) which required excess excavation and back filling with resultant excess payments. In addition, the Site Engineer had also made over payment of Nu.0.017 million for brick masonry manhole and Nu.0.075 million for electrical works. As of 31 March 2019, recoveries amounting to Nu.0.420 million was made leaving balance of Nu.0.075 million unresolved. *AIN: 15087; Para: 1; Accountabilities: Direct: Ugyen, Executive Engineer, CID # 11506000961/PIN # 3797; Sonam Phuntsho, Junior Engineer, CID # 11505005084/PIN # 5979; Samphel Dendup, Asst. Engineer, CID # 12006000844/PIN # 6149; Supervisory: Sonam Wangdi, Chief Engineer, CID # 11506001122/PIN # 2004.*

Status: *Observation settled as the amount has been deposited with the RAA under various receipt numbers.*

1.3.1.7 MINISTRY OF INFORMATION AND COMMUNICATIONS

During the year, the RAA conducted nine audits of Ministry of Information and Communications. There were 23 observations amounting to Nu.54.724 million of which 12 observations amounting to Nu.0.957 million were either resolved prior to the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.53.767 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Ministry and its departments, divisions and units, observations amounting to Nu.0.678 million was resolved. The total unresolved significant irregularities reflected in the AAR 2017 amounted to Nu.53.089.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Ministry and out of the balance unsettled irregularities of Nu. 7.457 million reported to the Parliament in October 2021, Nu. 4.307 million was settled leaving a balance of Nu.3.150 million as on 31 March 2022 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
1	Fraud, Corruption and Embezzlement	7.259	4.307	2.952	59
3	Non-Compliance to Laws and Rules	-	-	-	-
4	Shortfalls, Lapses and Deficiencies	0.198	-	0.198	-
	Total	7.457	4.307	3.150	57.76

The details of unsettled irregularities reported to the Parliament in October 2021, the irregularities settled thereafter and the unsettled balances as on 31 March 2022 are as discussed below:

1. Fraud, Corruption and Embezzlement - Nu.2.952 million

There were cases with elements of fraud, corruption and embezzlement involving Nu.7.259 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
1.1	Temporary misuse of revenue through teeming and lading	4.378	3.417	0.961
1.2	Shortages in revenue deposit aggregating to Nu.2.505 million and late deposits attract fine	2.881	0.890	1.991
1.3	Factors contributing to misuse of revenue	-	-	Settled
	Total	7.259	4.307	2.952

1.1. TEMPORARY MISUSE OF REVENUE THROUGH TEEMING AND LADING - NU.0.961 MILLION

There was misuse of revenue amounting to Nu.4.378 million in the Regional Office, Road Safety and Transport Authority (RSTA) Gelephu. There were instances of abnormal cancellations of deposit challans which was indicative of temporary misuse of revenue. The dealing officials were found to have resorted to teeming and lading for misuse of revenue on temporary basis by depositing the subsequent collections to cover up earlier less deposited amounts. There were also attempts to delay

the revenue deposit through cancellation of deposit challans as well as short deposits with resultant siphoning of the government revenue. *AIN: 15658; Para: 1.2; Accountabilities: Direct: Tshering Choden, Adm. Asst. EID No. 201002034; Supervisory: Sonam Chopel, Chief RTO, EID 200210018; Kinga Gyeltshen, Road Transport Officer, EID 20050503.*

Status: *Observation not settled. The issue was deliberated during the PAC consultative meeting held on 31 Aug. 2021 in the NC conference hall, Thimphu where the Ministry reported that administrative action against the supervisors were taken and accepted by the RAA and the case against direct accountable person has been forwarded to OAG and now registered in Dungkhag Court, Gelephu. The Ministry further express that if the RAA could drop the amount from the observation as the amount is not recoverable. The RAA explained that the amount is noted for calculating penalty for late deposit of revenue although it is not recoverable. PAC advised the RAA and Ministry to work out the liable penalty for late deposit of revenue and include in the charge sheet if not done so. The observation remained unresolved as it was subjudice in the Dungkhag Court, Gelephu.*

Subsequently it was reported that the principal amount of Nu.4.378 million has been changed to Nu.0.961 million (Nu. 960,524.91) as per the letter No. RSTA/TM-04/2020-2021/194 dated of 22/09/2021 of RSTA and Letter No. ACC/DoI-IV/case 32/2019/2019-2020/1724 dated 05/03/2020 of ACC. Accordingly the amount has been revised.

1.2. SHORTAGES IN REVENUE DEPOSIT AND LATE DEPOSITS ATTRACT FINE - NU.1.991 MILLION

The Regional Office, RSTA Gelephu had shortages in revenue deposits amounting to Nu.2.505 million for two financial years 2016-17 and 2017-18. In addition, the amounts collected were found retained by the dealing person for periods ranging from two days to 56 days per instance.

The time lag in the collections and subsequent deposits were indicative of misuse of revenue. As per the provisions of the Revenue Accounting Manual (RAM) 2004 late fine @ 24% per annum is liable on the late deposits amounting to Nu.0.376 million (Nu.0.076 million for 2016-17 and Nu.0.300 million for 2017-18).

The lapses had occurred due to non-conduct of periodic reconciliation of the collections and deposits of revenue and non-deposit of collections on the next working day as required by the RAM by the dealing officials, which were indicative of inadequate supervision and monitoring by the supervising officials. *AIN: 15658; Para: 1.1; Accountabilities: Direct: Tshering Choden, Adm. Asst. EID No. 201002034; Supervisory: Sonam Chopel, Chief RTO, EID 200210018; Kinga Gyeltshen, Road Transport Officer, EID 20050503.*

Status: *Observation not settled. The issue was deliberated during the PAC consultative meeting held on 31 Aug. 2021 in the NC conference hall, Thimphu where the Ministry reported that administrative action against the supervisors were taken and accepted by the RAA and the case against direct accountable person has been forwarded to OAG and now registered in Dungkhag Court, Gelephu. The observation remained unresolved as it was subjudice in the Dungkhag Court, Gelephu.*

Subsequently it was reported that the principal amount of Nu.2.881 million has been changed to Nu.1.991 million (Nu. 1,991,564.00) as per the letter No. RSTA/TM-04/2020-2021/194 dated of 22/09/2021 of RSTA and Letter No. ACC/DoI-IV/case 32/2019/2019-2020/1724 dated 05/03/2020 of ACC. Accordingly the amount has been revised.

1.3. FACTORS CONTRIBUTING TO MISUSE OF REVENUE

The Regional Office, RSTA Gelephu had numerous internal and external factors that contributed to misuse of the revenue. While the dealing officials are directly responsible for the short deposits, there were poor internal controls and inadequate supervision & monitoring. Duties in management of

revenue collections and deposits were not segregated properly and were not handled by trained accounts personnel. The past and present management had assigned the job of collecting and depositing revenue to an Administrative Assistant with full access to system and the person was found handling revenue since August 2012. In addition, there were no periodic bank reconciliations carried out or any indication of the supervision and monitoring carried out by supervising officer.

Further, the e-RaLIS system data was not linked with the RAMIS system which impeded the process of reporting and monitoring on revenue collections and deposits. The Revenue Audit Report issued by RRCO, Gelephu only highlighted instances of late and irregular deposits. Late penalty was calculated only for some selected late deposits and not on all late deposits. The RSTA and RRCO had failed to take necessary actions despite noting irregular cancellation of deposit challans and money receipts followed by late deposits. *AIN: 15658; Para: 1.3; Accountabilities: Direct: Tshering Choden, Adm. Asst. EID No. 201002034; Supervisory: Sonam Chopel, Chief RTO, EID 200210018; Kinga Gyeltshen, Road Transport Officer, EID 20050503.*

Status: *Observation settled based on the ATR submitted by the RSRA vide letter No. RSTA/TM-04/2021-2022/253 dated 18/10/2021 after the Public Account Committee meeting held on 31/08/2021. Accordingly Follow-up Report has been issued vide RAA/OAAG(T)/FUS-02/2020-2021/0265 dated 22/10/2021.*

2. Non-compliance to Laws and Rules

2.1. POOR WORK PROGRESS NOTED IN THE CONSTRUCTION OF TERMINAL BUILDING AT BUMTHANG DOMESTIC AIRPORT

The Department of Air Transport (DoAT), Paro implemented ADB funded 'Air Transport Connectivity Enhancement Project' had poor work progress in the construction of terminal building at Bumthang Domestic Airport. The contractor, M/s Rinson Construction Company Pvt. Ltd. was paid Nu.27.477 million out of the tendered amount of Nu.158.636 million till August 2018 representing 17.32% of the contract value for 19.52% of works completed against the expected work physical completion of 36.81% with apparent delays at the time of audit in September 2018. The contract work was scheduled to complete by 4 August 2019 and the possibilities of completing the remaining works in the remaining ten months of contract duration without compromising the quality of work seemed highly doubtful. The causes for delay in work progress were not on record. *AIN: 15603; Para: 2; Accountabilities: Direct: Kailash Chettri, Supervising Engineer, CID # 110204000023; Supervisory: Jamyang T Dorji, Project Engineer EID # 201101166.*

Status: *Observation not settled. The issue was deliberated during the PAC consultative meeting held on 31 Aug. 2021 in NC conference Hall, Thimphu and the RAA expressed that matters relating to poor quality and progress works are too common issues and will be deliberated in the upcoming RAA's Advisory Committee Meeting and the decision communicated to the PAC and the Ministry.*

The observation remained status quo.

3. Shortfalls, Lapses and Deficiencies – Nu.0.198 million

The case of shortfalls, lapses and deficiencies involving Nu.0.198 million is as indicated below:

4.1. OVERPAYMENT DUE TO NON-OBSERVANCE OF AMOUNT PAYABLE MENTIONED IN THE COURT VERDICT - NU.0.198 MILLION

The Department of Air Transport (DoAT), Paro had made overpayment of Nu.0.198 million to M/s T. Kuenzom Construction Pvt. Ltd. for the construction of Gelephu Domestic Airport. The contractor was found paid Nu.271.557 million instead of Nu.271.359 million as determined in the high court's verdict with resultant overpayment. *AIN: 15241; Para: 1; Accountabilities: Direct: Gyem Dorji, Dy. Chief*

Engineer, EID # 200702026; Supervisory: Karma Wangchuk, Director, EID: # 9004059.

Status: Observation not settled. The observation remained unsettled as the amount was not recovered as of 31 March 2022.

1.3.1.8 MINISTRY OF LABOUR & HUMAN RESOURCES

During the year, the RAA conducted eight audits of Ministry of Labour & Human Resources, its departments, divisions and units. There were six observations amounting to Nu.1.233 million of which two observations amounting to Nu.0.405 million were either resolved prior to the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.0.828 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Ministry and the amounts involving with the irregularities were settled, however, one observation without involvement of amount remained unsettled as on 31 March 2022 as it required policy decision as reported below.

SL No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
1	Non-Compliance to Laws and Rules	-	-	-	-
	Total	-	-	-	

The details of unsettled irregularity reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 is as discussed below:

1. Non-compliance to Laws and Rules

1.2. UNAUTHORIZED RETENTION AND USE OF SALE PROCEEDS AND TOURIST ENTRY FEES WITHOUT THE APPROVAL OF MINISTRY OF FINANCE

The Institute for Zorig Chusum, Trashiyangtse had retained and used revenue generated by the Institute without the approval of the Ministry of Finance as required under FRR 2001/2016. An Institute Development Welfare Fund (IDWF) Account was found maintained as a Savings Bank Account with Bank of Bhutan Limited (BOBL), Trashiyangtse. The IDWF was being used as per the guidelines approved by the Secretary, Ministry of Labor and Human Resources (MoLHR).

The collections from sale proceeds of finished products from trainings, collection of entry fee from tourists, 10% commission from deposit works and other administrative fees, were by nature a type of Non-Tax Revenue "Revenue from Government Departments" and thus, should have been deposited into the Royal Government Revenue Account.

The Institute and its parent agency, the MoLHR had also failed to consult with the Ministry of Finance on the modalities and operation of such an account, as well as failed to obtain approval/concurrence for the same. The Institute's IDWF account had accumulated fund balance of Nu.2.062 million as of 31 March 2018. *AIN: 15251; Para: 1; Accountabilities: Direct: Kinley Penjor, Principal, EID # 2101083; Supervisory: Norbu Wangchuk, Director, EID # 9811003.*

Status: Observation not settled. This issue was deliberated during the PAC consultative meeting held on 6 Sept. 2021 in NA conference hall, Thimphu where MoLHR reported that the practice of using the

income generated by the institute has been in place since 2013 but RAA objected only from 2018 for Zorig Chusum, Trashiyangtse. The use of funds were carried out as per the rules, regulations and guidelines prescribed. As per the RAA's observation related to MoLHR's failure to obtain an approval for the same from Ministry of Finance; MoLHR has appealed to MoF. MoF assured that they will communicate their decision, however, not received yet.

It was decided that, tripartite meeting should be conducted between MoLHR, RAA and MoF for policy intervention and report to PAC on or before 30 Sept. 2021.

As per the letter No. CZC/ADM-12/2019-20/209 dated 09/03/2020 the College of Zorigchusum, Trashiyangtse followed up with the Department of Public Accounts and the Ministry of Finance intimated that the guideline developed Zoiigchusum is waiting for the final approval.

1.3.1.9 MINISTRY OF WORKS AND HUMAN SETTLEMENTS

During the year, the RAA conducted 13 audits of Ministry of Works and Human Settlements, its departments, divisions and units. There were 92 observations amounting to Nu.199.356 million of which 45 observations amounting to Nu.71.776 million were either resolved prior to the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.127.580 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Ministry and its departments, divisions and units, observations amounting to Nu.75.044 million were resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.52.536 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Ministry but the balance unsettled irregularities of Nu. 2.900 million reported to the Parliament in October 2021 remained unresolved as on 31 March 2022 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
2	Non-Compliance to Laws and Rules	-	-	-	-
3	Shortfalls, Lapses and Deficiencies	2.900	-	2.900	-
	Total	2.900	-	2.900	-

The details of unsettled irregularities reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 are as discussed below:

1. Non-compliance to Laws and Rules

There were cases of non compliance to laws and rules as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
2.4	Constructed WWT Plant not meeting the quantity of effluent discharge of 0.60 MLD as required in designed, built & operate plant	-	-	Unsettled

2.12	Execution of poor quality of blacktopping works along Poedze Lam	-	-	Unsettled
2.13	Poor blacktopping works	-	-	Unsettled
Total		-	-	-

2.4. CONSTRUCTED WWT PLANT NOT MEETING THE QUANTITY OF EFFLUENT DISCHARGE OF 0.60 MLD AS REQUIRED IN DESIGNED, BUILT & OPERATE PLANT

The DES and Thimphu Thromde had failed to ensure that the effluents sewage and waste water quantities met its designed capacity of 0.60 MLD to be treated at the Waste Water Treatment Plant (WWTP) constructed for Langjophakha Local Area Plan (LAP) under the jointly implemented World Bank funded Project “Bhutan Urban Development Project – Phase II”.

Although, the WWTP was designed and constructed to handle 0.60 MLD of effluents for treatment in the first phase of treatment plant, the quantity of effluents was found to be about 0.35 MLD or less than 60% of the total capacity as per designs indicating that all sources of effluents were not connected to the sewerage systems. The project management cited lack of cooperation from land/property owners in connecting the waste water outlets from households to the sewerage network. Lack of connections to bring effluents to the WWTP defeats the purpose of the treatment plant and also poses serious hazard concerns of pollution and contamination from sewage and waste water to the surroundings and environment. *AIN: 15034; Para: 6; Accountabilities: Direct: Samten Lhendup, Sewerage Head, Thimphu Thromde, EID #200901232; Supervisory: Jigme Dorji, Chief Engineer, Thimphu Thromde, EID # 200201095.*

Status: *Observation not settled. The issue was deliberated during the PAC consultative meeting held on 31 Aug. 2021 in the NC conference hall, Thimphu where Thromde Engineer reported that the target to ensure that the effluents sewage and waste water quantities met its designed capacity of 0.60 MLD to be treated at the Waste Water Treatment Plant is a target set of six years. However, the present issue is of not being able to replace the defective flow meter. Due to COVIT pandemic the flow meter couldn't be procured as it has to be ordered from Korea. It was decided that Thromde should procure flow meter when the situation permits, install it and submit report to RAA for review and appropriate decision.*

The Thromde management is asked to replace the inflow meter reader which is reported as defunct and intimate RAA to determine the accurate quantity of the effluent discharge for further review and decision. Follow-up Report was issued vide letter No.RAA/FUCD(E1-1)DES//2021/1494 dated 19/08/2021.

2.12 EXECUTION OF POOR QUALITY OF BLACKTOPPING WORKS ALONG POEDZE LAM

The ADB funded ‘Thimphu Road Improvement Project (TRIP)’ implemented by DES had accepted substandard quality of works executed in the blacktopping of Poedze Lam in the repair and maintenance of roads and footpath in Thimphu City. The Asphalt Concrete (AC) works along Poedzoe lam had alligator cracks and formation of potholes in numerous places. The lapses were indicative of inadequate monitoring and supervision by the site engineer during the execution. *AIN: 15653; Para: 2; Accountabilities: Direct: Dendup Lhamo, Engineer, EID # 20140103289; M/s Hi-Tech and Chimmie RD JV, CDB No. 4840 & 5455; Supervisory: Karma Jamtsho, Chief Engineer, EID #200301032.*

Status: *Observation not settled. The issue was deliberated during the PAC consultative meeting held on 31 Aug. 2021 in the NC conference hall, Thimphu where Thimphu Thromde reported that during the joint site visit on 19th July 2019 it was observed that Nu. 6,82,649.60 worth of works had to be rectified. It was reported that the contractor stated he cannot rectify the work and requested to deduct the amount from his bills. Thromde was then requested to carry out the rectification work. The amount for the rectification works was deposited into Thromde's account but the works could*

not be executed because the engineer went on maternity leave. However, the Thomdey stated that rectification works will be executed but some time is required as work cannot be executed during monsoon season. It was decided that, Thomde should complete the rectification works by 31 Dec. 2021 and report to RAA accordingly

Physical verification of the rectified work has to be conducted as of 31 March 2022.

1.13 POOR BLACKTOPPING WORKS

The ADB funded TRIP implemented by DES had accepted substandard works executed in the AC works carried out in Semtokha LAP. The AC works had developed alligator cracks in many places and potholes on the newly constructed road. The lapses were indicative of poor quality of work executed by the contractor coupled with inadequate monitoring and supervision by the concerned site engineer. *AIN: 15653; Para: 3.3; Accountabilities: Direct: Oma Devi Mahat, Assistant Engineer, EID # 200707070; M/s Hi-Tech and Chimmi RD JV (CDB No. 4840 & 5455); Supervisory: Karma Jamtsho, Chief Engineer, EID # 200301032.*

Status: *Observation not settled. The issue was deliberated during the PAC consultative meeting held on 31 Aug. 2021 in the NC conference hall, Thimphu where Thimphu Thomde reported that during the joint site visit on 19th July 2019 it was observed that Nu. 6,82,649.60 worth of works had to be rectified. It was reported that the contractor stated he cannot rectify the work and requested to deduct the amount from his bills. Thomde was then requested to carry out the rectification work. The amount for the rectification works was deposited into Thomde's account but the works could not be executed because the engineer went on maternity leave. However, the Thomdey stated that rectification works will be executed but some time is required as work cannot be executed during monsoon season. It was decided that, Thomde should complete the rectification works by 31 Dec. 2021 and report to RAA accordingly.*

Physical verification of the rectified work has to be conducted as of 31 March 2022.

2. Shortfalls, Lapses and Deficiencies – Nu.2.900 million

2.1. NON-RECONCILIATION OF BANK RECONCILIATION STATEMENTS - NU.2.900 MILLION

The RO, DOR, Tingtibi, Zhemgang had not reconciled Nu.2.900 million shown as release as per the system generated Bank Reconciliation System (BRS) against the actual Bank Statement, which did not reflect the receipt of the same.

The RO had failed to carry out reconciliations of releases and withdrawals as per the Financial Rules and Regulations and had also not checked with the bank to confirm that the amount was received in the RO's Letter of Credit (LC) Account maintained with the Bank of Bhutan. *AIN: 15045; Para: 4; Accountabilities: Direct: Tenzin Wangchuk, EID # 9404031; Supervisory: Karma Dorji, Chief Engineer, EID # 91077122.*

Status: *Observation not settled. The issue was deliberated during the PAC consultative meeting held on 31 Aug. 2021 in the NC conference hall, Thimphu where MoWHS reported that since the report is system generated so there can be an error and further stated that this issue was already resolved with RAA, Bumthang.*

However, as per the record of RAA the observation remained unresolved as of 31 Aug. 2021. It was decided that, MoWHS should submit the copy of letter indicating the settlement of the issue to RAA, Bumthang for review and appropriate decision.

The observation remained unresolved as of 31 March 2022. DoR, Tingtibi was informed on the status of the observation on 20/09/2021.

1.3.2 DZONGKHAGS

1.3.2.1 DZONGKHAG ADMINISTRATION, BUMTHANG

During the year, the RAA conducted one audit of Dzongkhag Administration, Bumthang. There were 14 observations amounting to Nu.3.477 million of which eight observations amounting to Nu.1.474 million were either resolved prior to the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.2.003 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Dzongkhag Administration, observations amounting to Nu.0.874 million were resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.1.129 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Dzongkhag, however, the balance unsettled irregularities of Nu. 0.238 million reported to the Parliament in October 2021 remained unsettled as on 31 March 2022 as shown in the table below.

Sl No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
2	Shortfalls, Lapses and Deficiencies	0.238	-	0.238	-
	Total	0.238	-	0.238	-

The details of unsettled irregularities reported to the Parliament in October 2021, the irregularities settled thereafter and the unsettled ones as on 31 March 2022 are as discussed below:

1. Shortfalls, Lapses and Deficiencies - Nu.0.238 million

1.1. EXCESS PAYMENT MADE TO CONTRACTOR DUE TO ERROR IN COMPUTATION OF FINAL BILL PAYMENT - NU.0.419 MILLION

The Dzongkhag Administration, Bumthang had made excess payment of Nu.0.600 million to M/s Phurpa Construction and Painting in the construction of 4-Unit Staff Quarters at Wangdicholing Hospital, Bumthang due to erroneous computation. The lapses had occurred apparently due to improper verification of contractor's claims by the Accountant and Site Engineer which was indicative of lack of control and checks exercised by the Supervising Engineer to ensure the admissibility of claims. As of 31 March 2019, a sum of Nu.0.181 million was recovered leaving balance of Nu.0.419 million unresolved. *AIN: 15192; Para: 2; Accountabilities: Direct: Sonam Pelden, Accountant, EID # 200907149; Supervisory: Tshering Penjor, Finance Officer, EID # 200507266.*

Status: *Observation not settled. Out of Nu.0.419 million a sum of Nu.0.181million was deposited vide R/No.469174 dated 26.06.2018 leaving a balance of Nu.0.238 million. The balance remained unsettled as of 5 Aug. 2021.*

The issue was deliberated during the PAC consultative meeting held on 5 Aug. 2021 in the DYT hall of the Trongsa Dzongkhag where the Dzongkhag Administration reported that the contractor refused to pay the amount and the administration took a legal action against the contractor. The

court passed the judgment in favor of the Dzongkhag Administration ordering the contractor to refund the excess payments made to him. The contractor appealed to the High Court. High Court upheld the judgment passed by the Dzongkhag Court ordering the contractor to pay the amount within 10 days but was not paid as of 5 Aug. 2021. The PAC informed the house that they are initiating fast tracking such cases in collaboration with the relevant authorities. In the meantime the Dzongkhag was advice to pursue the matter further and report to the RAA and PAC by 31 Aug. 2021.

However, the observation remained unresolved as of 31 March 2022 as no further developments were reported.

1.3.2.2 DZONGKHAG ADMINISTRATION, CHHUKHA

During the year, the RAA conducted two audits of Dzongkhag Administration, Chhukha. There were 79 observations amounting to Nu.10.652 million of which 23 observations amounting to Nu.2.333 million were either resolved prior to the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.8.319 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Dzongkhag Administration, observations amounting to Nu.1.945 million were resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.6.374 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Dzongkhag, however, the balance unsettled irregularities of Nu. 3.730 million reported to the Parliament in October 2021 remained unsettled as on 31 March 2022 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
1	Fraud, Corruption and Embezzlement	2.020	-	2.020	-
2	Non-Compliance to Laws and Rules	0.665	-	0.665	-
3	Shortfalls, Lapses and Deficiencies	1.045	-	1.045	-
	Total	3.730	-	3.730	-

The details of unsettled irregularities reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 are as discussed below:

1. Fraud, Corruption and Embezzlement - Nu.2.020 million

There were cases with elements of fraud, corruption and embezzlement involving Nu.2.020 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
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1.1	Encashment of remittances through issuance of self cheque	1.245	-	1.245
1.2	Misappropriation of pay and allowances through fraudulent malpractices	0.130	-	0.130
1.3	Non surrender of cash balance by the dealing accountant	-	-	Unsettled
1.4	Unauthorized transfer of fund into personal saving account	-	-	Unsettled
1.5	Encashment of statutory remittances through self cheque	0.127	-	0.127
1.6	Intentional booking of excess allowance and misappropriation	-	-	Unsettled
1.7	Inflating the bills of contractor for personal gain	0.106	-	0.106
1.8	Irregular payment through fraudulent transactions	0.097	-	0.097
1.9	Double booking of retirement benefits and misappropriation	0.091	-	0.091
1.10	Cash payment without acknowledgement receipts	0.086	-	0.086
1.11	Excess payment of pay and allowances	0.048	-	0.048
1.12	Double booking of salary and misappropriation	0.030	-	0.030
1.13	Irregular Payment of rural life insurance claims	-	-	Unsettled
1.14	Advance booked as final expenditure	0.030	-	0.030
1.15	Irregular payment to accountant	0.030	-	0.030
1.16	Misappropriation of fund transferred from Menjiwoong Central School for pay and allowances of transferees	-	-	Unsettled
1.17	Misappropriation of pay and allowance through fraudulent malpractices	-	-	Unsettled
1.18	Huge sanction of PW Advances and irregular adjustments leading to misuse of fund	-	-	Unsettled
1.19	Deposit of Resungpas' salary into personal account	-	-	Unsettled
1.20	Misappropriation of government fund through wrong booking of remittances	-	-	Unsettled
1.21	Double booking of salary	-	-	Unsettled
1.22	Huge sanction of PW Advances in the name of dealing accountant and irregular adjustments thereof	-	-	Unsettled
1.23	Irregular creation of statutory receipt balances	-	-	Unsettled
1.24	Embezzlement through double booking of arrear payment	-	-	Unsettled
1.25	Advance booked as expenditure and misuse of funds	-	-	Unsettled
1.26	Misappropriation of pay and allowance through fraudulent malpractices	-	-	Unsettled
1.27	Booking of excess allowance for personal gain	-	-	Unsettled
1.28	Inadmissible booking of LTC/LE and misappropriation	-	-	Unsettled
1.29	Irregular payment of leave encashment and misappropriation	-	-	Unsettled
Total		2.020		2.020

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

1.1. ENCASHMENT OF REMITTANCES THROUGH ISSUANCE OF SELF CHEQUE NU.1.245 MILLION

The Dungkhang Administration, Phuentsholing (DAP) had remitted statutory deductions amounting to Nu.1.245 million to respective agencies and departments through issuance of self cheques for the financial year 2016 2017. As per vouchers, the payments of remittances were transferred through an account payee cheques.

However, there were no money receipts/acknowledgement receipts attached with the payment vouchers. Review of cheques deposited with the Bank of Bhutan, Phuentsholing, revealed that the remittance cheques were drawn as self cheque in the name of the Accountant instead of account payee cheques to respective agencies/departments. There were also cases of deductions made from object codes, which do not require remittances to the Department of Revenue & Customs (DRC). An amount of Nu.0.046 million was deducted from object code 87.22 'Other Recoveries and Remittances' and Nu.0.151 million was deducted from broad head 8.d, object code 89.24 'Others'. There was no relevancy or requirement for such remittances as it pertains to Non-Revenue release for Fund transfer of pay and allowances of teachers. The same expenditure was later found transferred to object code 21.01 'Current Grants: individual/Nonprofit Org'.

The equivalent amounts were then found withdrawn as self cheques clearly indicating manipulation of accounting records which were not in line with provision of the FRR. The lapses had occurred mainly due to lack of integrity, which was further compounded by poor supervision and weak internal control, leading to irregular financial transactions. *AIN: 15334; Para: 7; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Rabgye Tobden, Former Drungpa, EID # 9208098.*

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhang Court and is subjudice there. Further, it was stated that Chhimi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.*

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhang Court. However, the PAC directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to RAA.

Observation remained unresolved as of 31 March 2022 as it is reported subjudice in the Phuntsholing Dungkhang Court.

1.2. MISAPPROPRIATION OF PAY AND ALLOWANCES THROUGH FRAUDULENT MALPRACTICES NU.0.130 MILLION

The Accountant of DAP had misappropriated and siphoned Nu.0.660 million of pay and allowances through fraudulent malpractices as follows:

- Pay and allowances amounting to Nu.0.690 million were booked in the name of employees who had already separated from service, were on extra ordinary leave and those transferred out from DAP; Some amounts were transferred into the Accountant's personal account and his daughter's personal savings accounts by indicating himself and his daughter as teachers of Darla Middle Secondary School;
- Advances were found booked in the name of School Principals without their consent and by forging their signatures in the advance application form. The advances were subsequently deducted from the monthly pay as per pay bill but the actual salary of respective Principals were found deposited into the bank without deducting the advances, which had avoided detection by Principals. The advances were found adjusted from the Principals monthly TA/DA bills and other claims payable to Principals. The TA/DA claims of Principals were also found

deposited into the Accountant's personal saving account;

Amount of Nu.0.041 million and Nu.0.290 million were booked as salaries in the name of Sonam Choden, Teacher, Darla Middle Secondary School and Ugyen Wangdi, Chimuna Community Pry School respectively, but were found to be on Extra Ordinary Leave (EOL) from 1 March 2016. The issue was raised as inadmissible payment during earlier audit and Nu.0.104 million had been deposited into Audit Recoveries Account (ARA).

Scrutiny of the statement of salary disbursement sent to the Bank of Bhutan, Phuentsholing to confirm the actual facts and figures revealed that the amount booked against the above employees were not deposited into their saving account but misappropriated by the Accountant.

The lapses had occurred mainly due to lack of integrity on the part of dealing Accountant, that was further exacerbated by apparent lack of supervision and monitoring controls, leading to siphoning of government funds. *AIN: 15334; Para: 1; Accountabilities: Direct: Chhimi Dorji, Accountant, EID 9206009; Supervisory: Karma Rinchen, Sr. Drungpa, EID9308053; Rabgye Tobden, Former Drungpa, EID 9208098;*

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chhimi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.*

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. However, the PAC directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to RAA.

Observation remained unresolved as of 31 March 2022 as it is reported subjudice in the Phuntsholing Dungkhag Court.

1.3. NON-SURRENDER OF CASH BALANCE BY THE DEALING ACCOUNTANT

The Dzongkhag Administration, Chhukha had transferred two contract works along with budget and activity details to the DAP at the time of introduction of Public Expenditure Management System (PEMS) in FY 2010-2011. After payment of final bills, there were cash balances amounting to Nu.0.529 million recovered from the two contract works which were not surrendered to the Dzongkhag Administration by the DAP.

The spillover contract work for the construction of 6-unit Classroom, toilet and water supply at Khatyakha was awarded to M/s Tashi Construction and there were unadjusted Public Works Advances (PWA) of Nu.0.931 million against the contractor. Since the work could not be completed in FY 2009-2010, it was kept under 'Closed Work' till completion of works and making the final payments on 10 April 2012.

The Accountant had adjusted the total advances amounting to Nu.0.931 million from the final bill and withheld by the Accountant till 5 May 2013. After a lapse of 11 months, Nu.0.488 million was deposited with the Dzongkhag Administration and the remaining balance of Nu.0.443 million was retained by the Accountant and remitted only on 19 July 2017 upon detection by the Dzongkhag Administration.

Similarly, for the construction of 32-bedded hostel at Sinchula by M/s Sonam Construction, the accountant had adopted the above modus operandi and retained the amount of Nu.0.086 million till it was detected by the Dzongkhag Administration and then only the amount was deposited to DPA on 4 August 2017.

The above lapses are indicative of weak internal controls including the supervisory and monitoring controls that provided ample opportunity for the Accountant to take undue financial advantage by

retaining huge cash at his discretion. *AIN: 15357; Para: 21; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Karma Rinchen, Sr. Drungpa, EID #9308053.*

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.*

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. However, the PAC directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to RAA.

Observation remained unresolved as of 31 March 2022 as it is reported subjudice in the Phuntsholing Dungkhag Court.

1.4. UNAUTHORIZED TRANSFER OF FUND INTO PERSONAL SAVING ACCOUNT - NU.0.315 MILLION

The DAP had made unauthorized transfer of Nu.0.215 million into Personal Savings Account in violation of the provision of FRR 2016. Following the transfer of two teachers of Rangaytung Primary School, Phuentsholing to Wangdue during the financial year 2016-2017, the DAP had transferred Nu.0.315 million on 21 June 2017 into the personal savings account of Yeshey Tshering, Officiating Accounts Officer, Dzongkhag Administration, Wangdue instead of transferring to the Dzongkhag Administration, Wangdue.

Subsequently, Yeshey Tshering had also issued a Non-Revenue Receipt to the DAP as evidence of having deposited the fund into LC account. However, the said amount was not reflected in the cashbook of Dzongkhag Administration, Wangdue. A reversal voucher to annul the transaction was found deliberately prepared evidencing that Yeshey Tshering, Accountant had misused the amount. The possible collusion between two dealing accounts personnel could not be ruled out.

Further, Yeshey Tshering, Accountant, Dzongkhag Administration, Wangdue had deposited Nu.0.100 million into the personal saving account of Sonam Tshering, who is reportedly a cousin of Yeshey Tshering, but had no official relation to Dzongkhag Administration, Wangdue.

The lapses had occurred mainly due to lack of integrity on part of dealing Accountants of both Dungkhag Administration, Phuentsholing and Dzongkhag Administration, Wangdue. It was further compounded by poor supervision and weak internal controls with resultant misappropriation of government fund as a result of the Accountants from both Administrations having indulged in fraudulent practice. *AIN: 15334; Para: 11; Accountabilities: Direct: Yeshey Tshering, Accountant, EID # 8712022; Supervisory: Karma Rinchen, Sr. Drungpa, EID # 9308053.*

Status: *Observation not settled. The amount has been recovered, however, administrative action needs to be taken against the accountable persons.*

1.5. ENCASHMENT OF STATUTORY REMITTANCES THROUGH SELF CHEQUE - NU.0.127 MILLION

The DAP had remitted statutory deductions amounting to Nu.0.127 million to respective agencies and departments through issuance of self cheques for the financial year 2015-2016. As per vouchers, the payments of remittances were transferred through an account payee cheques. However, there were no money receipts/acknowledgement receipts attached with the payment vouchers. Review of cheques deposited with the Bank of Bhutan, Phuentsholing, revealed that the remittance cheques were drawn as self cheque in the name of the Accountant instead of account payee cheques to

respective agencies/departments.

The encashment of self Cheque by Accountant for remitting the statutory remittance when it should have been an account payee Cheque as per voucher is not in line with provision of the FRR. The lapses had occurred mainly due to lack of integrity, which was further compounded by poor supervision and weak internal control, leading to irregular financial transactions. *AIN: 15334; Para: 37; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Rabgye Tobden, Former Drungpa, EID # 9208098.*

Status: *Observation not settled. Amount recovered but administrative action pending. This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.*

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. However, the PAC directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to RAA.

Observation remained unresolved as of 31 March 2022 as it is reported subjudice in the Phuntsholing Dungkhag Court.

1.6. INTENTIONAL BOOKING OF EXCESS ALLOWANCE AND MISAPPROPRIATION - NU.0.116 MILLION

The Accountant of DAP had misappropriated Nu.0.116 million by double booking excess allowance against two teachers of Darla Middle Secondary School, working under DAP. Cross-checking salary disbursement statement with records of BoBL revealed that the excess allowances were not deposited into the two teachers' savings account but were found misappropriated by the Accountant. The lapses had occurred mainly due to lack of integrity in discharge of official duties, compounded by apparent lack of supervision and monitoring controls by official holding position of responsibility, leading to siphoning of Government funds. *AIN: 15334; Para: 3; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Rabgye Tobden, Former Drungpa, EID # 9208098.*

Status: *Observation not settled. Amount has been adjusted since it was already deposited at memo stage vide receipt No. 456454 dated 02.07.2018, however, administrative action needs to be taken against the accountable persons.*

This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. However, the PAC directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to RAA.

Observation remained unresolved as of 31 March 2022 as it is reported subjudice in the Phuntsholing Dungkhag Court.

1.7. INFLATING THE BILLS OF CONTRACTOR FOR PERSONAL GAIN - NU.0.106 MILLION

The Accountant of the DAP had inflated the Running Account Bills of the contractor amounting to Nu.0.106 million in the construction of Kitchen and Dining hall at Sinchula PS awarded to M/s Nimgang Construction, Chukha. The accountant had booked more expenditure than the expenditure claimed by the contractor or certified by site engineer in the MB. The lapse was an intentional act of the dealing Accountant to defraud the Government. *AIN: 15334; Para: 26; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Karma Rinchen, Sr. Drungpa, EID # 9308053.*

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.*

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. However, the PAC directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to RAA.

Observation remained unresolved as of 31 March 2022 as it is reported subjudice in the Phuntsholing Dungkhag Court.

1.8. IRREGULAR PAYMENT THROUGH FRAUDULENT TRANSACTIONS - NU.0.097 MILLION

The DAP had made irregular payments amounting to Nu.0.309 million to the Accountant during the financial year 2016-2017.

- Amount of Nu.0.123 million was booked as payment to Dungkhag staff on account of various claims, of which the Accountant had booked Nu.0.043 million under object code 96.01 'Payment of refundable deposit' but the payment was found encashed by the Accountant through self cheque and not disbursed to the staff;
- Amount of Nu.0.045 million was booked as payments of Rural Life Insurance Claim and were found inflated in the payment vouchers as against the actual payments disbursed and supported by documents. The inflated amount was retained by the Accountant and was not accounted for in the books of Account;
- Amount of Nu.0.221 million was booked as security deposit refund to M/s Tshering Construction but the original voucher was not available for verification. M/s Tshering Construction also confirmed that the firm did not receive the amount.

The lapses had occurred mainly due to lack of integrity on the part of dealing Accountant in delivery of official duty, a situation further exacerbated by poor supervision and weak internal controls, leading to siphoning of Government funds.

As of 31 March 2019, the amount remaining unresolved was Nu.0.097 million. *AIN: 15334; Para: 8; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Karma Rinchen, Sr. Drungpa, EID # 9308053; Rabgye Tobden, Former Drungpa, EID # 9208098.*

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.*

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. However, the PAC directed the Dzongkhag Administration to submit the documents relating to the cases

forwarded to the Court to RAA.

Observation remained unresolved as of 31 March 2022 as it is reported subjudice in the Phuntsholing Dungkhag Court.

1.9. DOUBLE BOOKING OF RETIREMENT BENEFITS AND MISAPPROPRIATION - NU.0.091 MILLION

The Accountant of DAP had misappropriated Nu.0.196 million by double booking the retirement benefits of a deceased teacher of Chongaykha Primary School in different financial years. The deceased teacher was entitled to Nu.0.214 million but the total payment amounted to Nu.0.319 million with resultant double payment of Nu.0.10S million. Further re-verification of the transactions with the Bank of Bhutan, Phuentsholing revealed the total amount embezzled and deposited into the Accountant's personal saving account was Nu.0.196 million.

The lapses had occurred mainly due to lack of integrity on the part of dealing Accountant which was further exacerbated by poor supervision and weak internal controls leading to siphoning of government funds. The accountant had refunded Nu.0.10S million into the ARA leaving a balance of Nu.0.091 million. The offence is liable for legal actions for fraudulent malpractices. *AIN: 15334; Para: 16; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Karma Rinchen, Sr. Drungpa, EID # 9308053.*

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.*

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. However, the PAC directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to RAA.

Observation remained unresolved as of 31 March 2022 as it is reported subjudice in the Phuntsholing Dungkhag Court.

1.10. CASH PAYMENT WITHOUT ACKNOWLEDGEMENT RECEIPTS - NU.0.086 MILLION

The DAP had made cash payment aggregating to Nu.0.086 million towards remittances of statutory deductions to various agencies. However, there were no acknowledgement receipts with the disbursement vouchers to authenticate the payment released. The lapses had occurred mainly due to lack of integrity, which was exacerbated by poor supervision and weak internal controls, which provided opportunity to misappropriate funds. *AIN: 15334; Para: 6; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Karma Rinchen, Sr. Drungpa, EID # 9308053; Rabgye Tobden, Former Drungpa, EID # 9208098.*

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.*

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. However, the PAC directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to RAA.

Observation remained unresolved as of 31 March 2022 as it is reported subjudice in the Phuntsholing Dungkhag Court.

1.11. EXCESS PAYMENT OF PAY AND ALLOWANCES - NU.0.048 MILLION

The DAP had made excess payment of Nu.0.10S million on account of Pay and Allowances to four officials who were either transferred to other agencies or terminated/resigned from service. The payments were found deposited into their respective individual savings account. The Accountant had accepted the lapse and deposited Nu.0.0S7 million into ARA leaving a balance amount of Nu.0.048 million. *AIN: 15334; Para: 39; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Rabgye Tobden, Former Drungpa, EID # 9208098.*

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.*

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. However, the PAC directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to RAA.

Observation remained unresolved as of 31 March 2022 as it is reported subjudice in the Phuntsholing Dungkhag Court.

1.12. DOUBLE BOOKING OF SALARY AND MISAPPROPRIATION - NU.0.030 MILLION

The Accountant of DAP had misappropriated Nu.0.168 million by double booking salaries against various teachers working under Dungkhag Administration. The lapses had occurred mainly due to lack of integrity on the part of dealing Accountant and exacerbated by lack of supervision and monitoring controls, leading to siphoning of government funds. As of 31 March 2019, the amount remaining unresolved amounted to Nu.0.030 million. *AIN: 15334; Para: 2; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Karma Rinchen, Sr. Drungpa, EID # 9308053.*

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.*

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. However, the PAC directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to RAA.

Observation remained unresolved as of 31 March 2022 as it is reported subjudice in the Phuntsholing Dungkhag Court.

1.13. IRREGULAR PAYMENT OF RURAL LIFE INSURANCE CLAIMS - NU.0.030 MILLION

During the financial year 201S-2016, the Accountant of the DAP had booked Rural Life Insurance claims amounting to Nu.0.030 million in excess of the actual disbursement made to the beneficiaries and misused.

The lapses had occurred mainly due to lack of Integrity which was further exacerbated by poor

supervision and weak internal control leading to misuse of government fund. *AIN: 15334; Para: 38; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Rabgye Tobden, Former Drungpa, EID # 9208098.*

Status: *Observation not settled. Amount recovered but administrative action pending. The amount has been adjusted since it was already deposited while at memo stage vide receipt No. 456198 dated 11.4.2018, however, administrative action needs to be taken against the accountable persons.*

This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. However, the PAC directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to RAA.

Observation remained unresolved as of 31 March 2022 as it is reported subjudice in the Phuntsholing Dungkhag Court.

1.14. ADVANCE BOOKED AS FINAL EXPENDITURE - NU.0.030 MILLION

The Accountant of the DAP was sanctioned an advance of Nu.0.030 million to meet VVIP expenses. However, the amount was found booked as expenditure under object code 17.03 'Transportation' instead of as advance. There were no bills and records pertaining to the conduct of activity. The lapses had occurred mainly due to poor supervision and weak internal controls. *AIN: 15334; Para: 40; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Rabgye Tobden, Former Drungpa, EID # 9208098.*

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.*

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. However, the PAC directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to RAA.

Observation remained unresolved as of 31 March 2022 as it is reported subjudice in the Phuntsholing Dungkhag Court.

1.15. IRREGULAR PAYMENT TO ACCOUNTANT - NU.0.030 MILLION

The DAP had irregularly disbursed Nu.0.030 million as double salary advance. Based on the application of the Principal of Khatoeykha Primary School dated 9 October 2017, a salary advance of Nu.0.030 million was found booked vide DV No. 10.35 dated 10 October 2017 and paid in cash. Another salary advance of Nu.0.030 million was found booked vide voucher No.10.48 dated 16 October 2017 but without the signature of the recipient. However, the second payment was the actual advance amount released to the Principal as it was found deposited into the Principal's bank account. The lapses had occurred apparently due to lack of integrity, which was further compounded by poor supervision and weak internal controls. *AIN: 15334; Para: 46; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Karma Rinchen, Sr. Drungpa, EID # 9308053.*

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.*

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. However, the PAC directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to RAA.

Observation remained unresolved as of 31 March 2022 as it is reported subjudice in the Phuntsholing Dungkhag Court.

1.16 MISAPPROPRIATION OF FUND TRANSFERRED FROM MENJIWOONG CENTRAL SCHOOL FOR PAY AND ALLOWANCES OF TRANSFEREES

The Accountant of DAP had requested Menjiwoong Central School (MCS), Samdrup Jongkhar to transfer Pay and Allowances in respect of Mr. Tshering upon his transfer as Principal of Darla MSS. Accordingly, MCS had deposited Nu.0.463 million into the personal saving account of the Accountant of DAP in violation of the provision of FRR 2016. As per the PEMS, the Accountant had deposited the amount into the Non-Revenue account but in actuality, the amount was found retained in his personal account. The amount deposited in the non-revenue account was found met from normal budgetary funds.

The lapses had occurred mainly due to lack of integrity in discharge of official responsibilities, which was further exacerbated by poor supervision and monitoring controls leading to siphoning of government funds. *AIN: 15334; Para: 10; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Rabgye Tobden, Former Drungpa, EID # 9208098.*

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.*

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. However, the PAC directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to RAA.

Observation remained unresolved as of 31 March 2022 as it is reported subjudice in the Phuntsholing Dungkhag Court.

1.17 MISAPPROPRIATION OF PAY AND ALLOWANCE THROUGH FRAUDULENT MALPRACTICES

The Accountant of the DAP had misappropriated Pay and Allowance amounting to Nu.0.491 million through fraudulent malpractices. Scrutiny of statement of salary disbursement sent to the BOBL, Phuntsholing against the deposit of salaries into the employees' saving account in the bank revealed that the amounts booked were not deposited into the respective savings accounts.

The Accountant had deposited some amounts into his personal saving account as well as into his daughter's account; paid teachers higher salaries as per the pay bill and then recovered the excess payments in the form of claims for transfer grants or leave encashment; and also paid salaries to a ghost employee from October 2015 till February 2016. The lapses had occurred mainly due to lack of Integrity, which was further exacerbated by poor supervision and monitoring controls, leading to siphoning of government funds.

The amount was deposited into ARA by the Accountant pending appropriate actions for fraudulent malpractices. *AIN: 15334; Para: 31; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Rabgye Tobden, Former Drungpa, EID # 9208098*

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.*

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. However, the PAC directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to RAA.

Observation remained unresolved as of 31 March 2022 as it is reported subjudice in the Phuntsholing Dungkhag Court.

1.18. HUGE SANCTION OF PW ADVANCES AND IRREGULAR ADJUSTMENTS LEADING TO MISUSE OF FUND

The DAP had sanctioned advances amounting to Nu.0.420 million of which Nu.0.300 million was for disbursement of Rural Life Insurance claims for the financial year 2016-2017. However, the Accountant had directly paid the claims without adjusting the advance.

- Amount of Nu.0.250 million was booked under capital expenditure without any supporting documents;
- Nu.0.040 million was booked under capital expenditure towards the end of financial year to avoid the lapse of fund and was withheld in the form of draft;
- Nu.0.030 million was adjusted as other recoveries deducted from monthly pay bill of employees for excess/inadmissible payments made earlier. There were no supporting documents; and
- Nu.0.040 million was adjusted against expenses incurred for conduct of office Rimdro. However, the expenses were found deducted from individual employee's pay bill and not from government funds.

The original Journal Vouchers (JV) were not made available at the time of audit which indicated that the JV adjustments were executed in the system merely to liquidate the advance for personal benefits. The lapses had occurred apparently due to lack of segregation of duties in operation of PEMS as the dealing Accountant was granted full financial autonomy in preparing and approving the vouchers in PEMS. This was further exacerbated by poor supervision and monitoring controls, which provided avenue to misappropriate government funds. *AIN: 15334; Para: 5; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Karma Rinchen, Sr. Drungpa, EID # 9308053; Rabgye Tobden, Former Drungpa, EID # 9208098.*

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.*

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. However, the PAC directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to RAA.

Observation remained unresolved as of 31 March 2022 as it is reported subjudice in the Phuntsholing

Dungkhag Court.

1.19. DEPOSIT OF RESUNGPAS' SALARY INTO PERSONAL ACCOUNT

- i. During the FY 2016-17, the Dzongkhag Administration, Chhukha had released Nu.0.352 million in the personal account of the Accountant of DAP for further disbursement of salaries of *Resungpas* under the Dungkhag Administration. However, the salaries to *Resungpas* were found met from the normal budget of Dungkhag Administration and the amount deposited by Dzongkhag Administration, Chukha was not accounted for in the Dungkhag Administration's books of accounts.
- ii. Similarly, during the FY 2015-16, the Accountant had misappropriated Nu.0.185 million on account of salaries for *Resungpas* under the Dungkhag Administration, Phuentsholing using same modus operandi.

Further, there were no supporting documents such as money receipt or acknowledgement receipt for the amounts disbursed to the *Resungpas* due to which the authenticity of the payment could not be vouched. The lapses had occurred mainly due to lack of integrity that was further exacerbated by an apparent lack of supervision and monitoring controls by official holding position of responsibility, leading to siphoning of government funds.

The amount was deposited into ARA by the Accountant pending appropriate actions. *AIN: 15334; Para: 4 & 34 Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Karma Rinchen, Sr. Drungpa, EID # 9308053; Rabgye Tobden, Former Drungpa, EID # 9208098.*

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.*

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. However, the PAC directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to RAA.

Observation remained unresolved as of 31 March 2022 as it is reported subjudice in the Phuntsholing Dungkhag Court.

1.20. MISAPPROPRIATION OF GOVERNMENT FUND THROUGH WRONG BOOKING OF REMITTANCES

The DAP had remitted Nu.0.293 million and Nu.0.292 million to the Department of Revenue and Customs (DRC) on account of salary tax and Health contribution for the month of October 2017 on 10 October 2017 and 15 October 2017 respectively. There was no acknowledgement receipt available for authentication of the first remittance and the second remittance was found wrongly booked as expenditure under object code 24.03 '*Contribution of Provident Fund*'. The actual statutory deductions and amount of remittances as per the DRC's RAMIS was Nu.0.292 million with resultant excess payment of remittance amounting to Nu.0.293 million.

The lapses had occurred mainly due to lack of integrity and poor supervision and monitoring controls. The Accountant had deposited the amount into ARA but appropriate action is pending. *AIN: 15334; Para: 44; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Karma Rinchen, Sr. Drungpa, EID # 9308053.*

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all*

thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. However, the PAC directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to RAA.

Observation remained unresolved as of 31 March 2022 as it is reported subjudice in the Phuntsholing Dungkhag Court.

1.21. DOUBLE BOOKING OF SALARY

The Accountant of the DAP had booked double salaries amounting to Nu.0.209 million against teachers and Health staffs working under DAP during the FY 2015-16. While the first payment was made to the teachers and health staffs, the second payment was deposited into the Accountant's personal saving and the accounts of his relatives and daughter.

The amount was deposited into ARA but appropriate action is pending. *AIN: 15334; Para: 32; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Rabgye Tobden, Former Drungpa, EID # 9208098.*

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.*

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. However, the PAC directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to RAA.

Observation remained unresolved as of 31 March 2022 as it is reported subjudice in the Phuntsholing Dungkhag Court.

1.22. HUGE SANCTION OF PW ADVANCES IN THE NAME OF DEALING ACCOUNTANT AND IRREGULAR ADJUSTMENTS THEREOF

The DAP had sanctioned Nu.0.300 million to the Accountant in the financial year 2015-2016 for disbursement of Rural Life Insurance claims. However, the Accountant had directly paid the claims without adjusting the advance and had kept huge cash balance at his discretion.

Further, the adjustment of advances of Nu.0.149 million was made through irregular procedures as follows:

- Amount of Nu.0.134 million was adjusted by booking the expenditure under object code 1.01 'Pay and Allowance' and 2.01 'Other Personnel Emoluments' without any supporting documents. Further, there were no deductions/adjustments for the same in any of the pay bills; and
- Amount of Nu.0.015 million was adjusted from a contractor's claim without authorization from the contractor.

The lapses had occurred apparently due to lack of integrity and poor supervisions and weak internal controls. The amount was deposited into ARA but appropriate action is pending. *AIN: 15334; Para: 35; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Rabgye Tobden, Former Drungpa, EID # 9208098.*

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.*

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. However, the PAC directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to RAA.

Observation remained unresolved as of 31 March 2022 as it is reported subjudice in the Phuntsholing Dungkhag Court.

1.23. IRREGULAR CREATION OF STATUTORY RECEIPT BALANCES

The Accountant of the DAP had created statutory deductions amounting to Nu.0.134 million on account of Tax Deducted at Source (TDS) but without any supporting documents. The amount was found deposited into DRC account as per bank confirmation. A statutory deduction such as TDS is meant to be collected at source of the income, there was no requirement to create separate receipts without any source of income. The lapses had occurred apparently due to lack of integrity and poor supervisions and weak internal controls. The amount was deposited into ARA but appropriate action is pending. *AIN: 15334; Para: 45; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Karma Rinchen, Sr. Drungpa, EID # 9308053.*

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.*

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. However, the PAC directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to RAA.

Observation remained unresolved as of 31 March 2022 as it is reported subjudice in the Phuntsholing Dungkhag Court.

1.24. EMBEZZLEMENT THROUGH DOUBLE BOOKING OF ARREAR PAYMENT

The Accountant of the DAP had embezzled Nu.0.098 million through double booking of arrear payment. A sum of Nu.0.178 million was found booked on 9 March 2017 on account of arrear payment of pay and allowance to the employees. Another arrear payment of Nu.0.098 million was found booked again on 10 March 2017 and deposited into his personal saving account. The lapses are indicative of deliberate misuse of funds through fabrication of accounting records, facilitated by poor supervision and weak internal control. The amount was deposited into ARA but appropriate action is pending. *AIN: 15334; Para: 15; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Karma Rinchen, Sr. Drungpa, EID # 9308053.*

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.*

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. However, the PAC directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to RAA.

Observation remained unresolved as of 31 March 2022 as it is reported subjudice in the Phuntsholing Dungkhag Court.

1.25. ADVANCE BOOKED AS EXPENDITURE AND MISUSE OF FUNDS

The DAP had sanctioned Nu.0.080 million as advance to the Accountant to meet expenses for VVIPs. However, the advance amount was recorded as final expenditure under object code 51.01 'Expenditure on structure: Building'. There were no bills and records pertaining to the conduct of activity and the fund was misused by accountant.

The lapses had occurred mainly due to poor supervision and weak internal controls. The amount was deposited into ARA but appropriate action is pending. *AIN: 15334; Para: 9; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Karma Rinchen, Sr. Drungpa, EID # 9308053; Rabgye Tobden, Former Drungpa, EID # 9208098.*

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.*

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. However, the PAC directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to RAA.

Observation remained unresolved as of 31 March 2022 as it is reported subjudice in the Phuntsholing Dungkhag Court.

1.26. MISAPPROPRIATION OF PAY AND ALLOWANCE THROUGH FRAUDULENT MALPRACTICES

The Accountant of the DAP had booked pay and allowances amounting to Nu.0.071 million during the financial year 2017-2018 against ghost employees or those on extra ordinary leave. In addition, there were also cases of excess booking of salary against some officials.

Scrutiny of salary disbursement sent to the BOBL, Phuentsholing against the actual deposit into the employees' saving accounts revealed that the amounts were not deposited in their bank accounts but were found deposited into his personal saving account and into the saving account of his daughter, who was listed as a teacher of Chongaykha Community Primary School. An employee named Dawa Gyeltshen was included in the pay bill and booked salary as Caretaker of Chongaykha CPS for 4 months from July to Oct 2017, but the employee did not exist as confirmed by the Dungkhag Education Section and the Administration Section.

The lapses had occurred mainly due to poor supervision and weak internal controls. The amount was deposited into ARA but appropriate action is pending. *AIN: 15334; Para: 43; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Karma Rinchen, Sr. Drungpa, EID # 9308053.*

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu*

Hospital for medical treatment.

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. However, the PAC directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to RAA.

Observation remained unresolved as of 31 March 2022 as it is reported subjudice in the Phuntsholing Dungkhag Court.

1.27. BOOKING OF EXCESS ALLOWANCE FOR PERSONAL GAIN

The Accountant of the DAP had booked excess allowances amounting to Nu.0.048 million against two teachers from Darla MSS and Lokchina LSS during the financial year 2015-2016. However, the amount was deposited into the Accountant's personal savings account. The lapses had occurred mainly due to poor supervision and weak internal controls. The amount was deposited into ARA but appropriate action is pending. *AIN: 15334; Para: 33; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Rabgye Tobden, Former Drungpa, EID # 9208098.*

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.*

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. However, the PAC directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to RAA.

Observation remained unresolved as of 31 March 2022 as it is reported subjudice in the Phuntsholing Dungkhag Court.

1.28. INADMISSIBLE BOOKING OF LTC/LE AND MISAPPROPRIATION

The Accountant of DAP had misappropriated Nu.0.045 million by booking Nu.0.015 million as LTC and Nu.0.030 million as Leave Encashment against a teacher of Darla MSS who was on extraordinary leave. The amount was found deposited into his daughter's saving account. The lapses had occurred mainly due to poor supervision and weak internal controls. The amount was deposited into ARA but appropriate action is pending. *AIN: 15334; Para: 18; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Karma Rinchen, Sr. Drungpa, EID # 9308053; Rabgye Tobden, Former Drungpa, EID # 9208098.*

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.*

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. However, the PAC directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to RAA.

Observation remained unresolved as of 31 March 2022 as it is reported subjudice in the Phuntsholing Dungkhag Court.

1.29. IRREGULAR PAYMENT OF LEAVE ENCASHMENT AND MISAPPROPRIATION

- i. The Accountant of the DAP had paid Nu.0.019 million to a teacher of Pachu Central School on account of leave encashment for the financial 2016-2017. However, the teacher did not have enough leave balance and hence was not entitled to the allowance.
- ii. Similarly, the Accountant had misappropriated Nu.0.014 million pertaining to Primary Education under the Dungkhag by booking LTC and Leave Encashment in excess of their entitled amount.

The amount was found deposited into his personal savings account. The lapses had occurred mainly due to poor supervision and weak internal controls. The amount was deposited into ARA but appropriate action is pending. *AIN: 15334; Para: 14 & 17; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: a) Karma Rinchen, Sr. Drungpa, EID # 9308053; b) Rabgye Tobden, Former Drungpa, EID # 9208098.*

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chhimi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.*

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Observation remained unresolved as of 31 March 2022 as it is reported subjudice in the Phuntsholing Dungkhag Court.

2. Non-compliance to Laws and Rules - Nu.0.665 million

There were cases of non-compliance to laws and rules involving Nu.0.665 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
2.1	Doubtful payment of refundable deposit to contractor	0.396	-	0.396
2.2	Cash payment without acknowledgement receipts	0.269	-	0.269
2.4	Non-closing of Closed Work Account	-	-	Unsettled
2.5	Booking of expenditure before completion of work and lapses thereof	-	-	Unsettled
Total		0.665	-	0.665

The cases of non-compliance to laws and rules are as indicated below:

2.1. DOUBTFUL PAYMENT OF REFUNDABLE DEPOSIT TO CONTRACTOR - NU.0.396 MILLION

The DAP had a case of doubtful payment of refundable deposit to contractor amounting to Nu.0.396 million. Mjs Tshering Construction had requested for the refund of security deposit on 27 March 2017 and a sum of Nu.0.396 million was found paid to the contractor on 7 August 2017 as refund of 50% security deposit.

However, there was neither an acknowledgement receipt attached with the voucher nor the details of equivalent releases obtained from the DPA. Further, Nu.0.036 million was found wrongly booked under object code 21.03 'Current grant: Rural life Insurance Scheme'. *AIN: 15334; Para: 47; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Karma Rinchen, Sr. Drungpa, EID # 9308053.*

Status: Observation not settled. This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. However, the PAC directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to RAA.

Observation remained unresolved as of 31 March 2022 as it is reported subjudice in the Phuntsholing Dungkhag Court.

2.2. CASH PAYMENT WITHOUT ACKNOWLEDGEMENT RECEIPTS - NU.0.269 MILLION

The Accountant of the DAP had made cash payments aggregating to Nu.0.269 million on account of remittances of statutory deductions and deposit of refundable deposits. Amount of Nu.0.217 million pertained to deposit into Refundable deposit account and Nu.0.052 million pertained to remittances to RRCO, Phuentsholing but the payments were not supported by acknowledgement receipts from bank to authenticate the payments. The lapses had occurred mainly due to lack of integrity, poor supervision and weak internal control system. *AIN: 15334; Para: 36; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Rabgye Tobden, Former Drungpa, EID # 9208098.*

Status: Observation not settled. This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. However, the PAC directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to RAA.

Observation remained unresolved as of 31 March 2022 as it is reported subjudice in the Phuntsholing Dungkhag Court.

2.3. EXECUTION OF SUB-STANDARD WORK

- a) The Dzongkhag Administration, Chhukha had accepted sub-standard work executed by Mjs Zambala Construction, Sarpang in the re-construction and maintenance of Water Supply to Gedu Town. The excavation in foundation trenches and the construction of the distribution tank were not executed as per specification, thus leading to improper laying of HDPE pipes and substandard works. The joints of the HDPE pipes at various intervals and the distribution tank were found damaged and leaking, thus depriving the public of adequate water supply and aggravating the shortage of water. The lapses had occurred mainly due to inadequate monitoring and supervision at the time of execution coupled with lack of due diligence in discharging responsibility by the site engineer. *AIN: 15357; Para: 3.2; Accountabilities: Direct: Damchoe Dorji, Municipal Engineer, EID # 201101228; Supervisory: Tshering Chophel, Chief Dzongkhag Engineer, EID # 8808013.*

Status: Observation not settled. This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in NA conference hall, Thimphu where the former Municipal Engineer, Damchoe Dorji

reported that despite continuous follow ups for the last three years the construction firms did not pay a heed to the audit observation against the sub-standard works executed by them during the financial year 2016 – 2017. He further, reported that on 31 August 2021 he had submitted a letter addressed to Dasho Dzongdag requesting the Dzongkhag Administration to take legal recourse against the firm.

It was decided that Dzongkhag Administration and OAG should have a bilateral meeting on the issue and submit an action taken report to PAC by 31 October 2021.

Observation remained unresolved as of 31 March 2022.

2.4 NON-CLOSING OF CLOSED WORK ACCOUNT

The Dungkhag Administration, Phuentsholing had failed to close the 'Closed Work Account' for fund balances pertaining to closed work booked in FY 2014-2015. The 'Closed Work Account' balance at the end of 2016-2017 was Nu.2.105 million of which Nu.1.661 million were incurred as expenditure in FY 2017-2018 leaving a balance of Nu.0.444 million. In addition, there were fund balance of Nu.0.027 million from FY 2015-2016 and Nu.0.374 million and Nu.0.112 million brought forward from FY 2014-2015 bringing the total balance at the end of FY 2017-2018 to Nu.0.958 million.

The lapses had occurred due to failure on the part of Drungkhag Administration to settle the fund balances after the completion of work booked under closed work. *AIN: 15334; Para: 24; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Karma Rinchen, Sr. Drungpa, EID # 9308053; Rabgye Tobden, Former Drungpa, EID # 9208098.*

Status: *Observation not settled. From the Principal amount Nu.0.444 million, an amount of Nu. 0.284 million was deposited vide receipt no. 456360 dated 31.5.2019. However, balance amount of Nu.0.159 million along with 24% penalty is still recoverable.*

Observation not settled. This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. However, the PAC directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to RAA.

Observation remained unresolved as of 31 March 2022 as it is reported subjudice in the Phuntsholing Dungkhag Court.

2.5. BOOKING OF EXPENDITURE BEFORE COMPLETION OF WORK AND LAPSES THEREOF

The DAP had booked expenditure on spillover construction activities towards the end of financial year 2016-2017 and had retained the funds in the form of demand drafts to prevent the lapse of the following funds:

Sl. No.	Name of Work	Name of Firm	Amt. Booked (Nu. in Million)
1.	Const. of Water supply, play field and approach road at khateykha PS	M/s Jang Choling Construction	1.177
2.	Const. of 64 bedded hostel and principal quarter at Sinchula PS	M/s Penden Lham Construction	2.613

3.	Const. of staff quarter at Lingdhen PS	M/s O Lays Construction	1.000
4.	Const. of six unit class room and pour flush toilet at Wangdigatsel PS	M/s Tandin Techno Construction	1.777
5.	Const. of staff qtr. At Khataykha	M/s ShingJogthang Construction	1.784

With regard to s/n 2, the contractor had completed the work and submitted the bills for Nu.2.173 million against which Nu.2.613 million had been paid. Thus, the contractor was either granted an undue favor of Nu.0.440 million in the form of payment without execution of work or cannot rule out the misuse of the differential amount by dealing officials. Similarly, with regard to s/n 4, the contractor had completed the work and submitted the bills for Nu.1.145 million against which Nu.1.778 million had been paid. Thus, the contractor was either granted an undue favor of Nu.0.633 million in the form of payment without execution of work or cannot rule out the misuse of the differential amount by dealing officials.

For s/n 1, 3 & 5, the works were still incomplete and the measurement books did not record the details of work done although the demand drafts were released to the contractors indicating undue financial favor being extended to the contractors. *AIN: 15334; Para: 25; Accountabilities: Direct: Basant Kumar Rai, JE, EID # 201310030; Chhimi Dorji, Accountant, EID # 9206009; Rupa Gurung, Engineer, EID # 200307012; Sonam Choden, Engineer, EID # 200407012; Yashoda Phuyel, Account Assistant, EID # 200507269; Supervisory: Karma Rinchen, Sr. Drungpa, EID # 9308053.*

Status: *Observation not settled. An amount of Nu.7.174 million resolved vide letter no. PDA/ADM-16/2018-2019/2854 dated 18.6.2019. However, the observations pertaining to Chhimi Dorji and Basant Kumar Rai amounting to NU. 1.177 million along with 24% penalty is still recoverable.*

This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. However, the PAC directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to RAA.

Observation remained unresolved as of 31 March 2022 as it is reported subjudice in the Phuntsholing Dungkhag Court.

3. Shortfalls, Lapses and Deficiencies - Nu.1.045 million

There were cases of shortfalls, lapses and deficiencies involving Nu.1.045 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
3.1.1	Excess payment resulted due to non-deduction of cost of materials	0.178	-	0.178
3.1.3	Over payment due to improper verification of work done – Nu.0.321 million	0.321	-	0.321
3.3	Adjustment of advances without supporting documents	0.247	-	0.247
3.3.1	Outstanding Public Work Advances	0.131	-	0.131
3.3.2	Overdue Public Work Advances	0.130	-	0.130

3.5	Excess payments on procurement of laptop computers, furniture and equipment	0.038	-	0.038
Total		1.045	-	1.045

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

3.1. EXCESS/OVER PAYMENTS TO CONTRACTORS

3.1.1 EXCESS PAYMENT DUE TO NON-DEDUCTION OF COST OF MATERIALS - NU.0.928 MILLION

The Dzongkhag Administration, Chhukha had made excess payment of Nu.1.309 million to M/s Good Will Construction in the construction of Irrigation Channel at Druk Dingsa, Pangu, and Ngaglachong under Dungna Gewog due to non-deduction of cost of materials.

Scrutiny of the final bill payment revealed that the Dzongkhag Administration had made total payments amounting to Nu.3.071 million for the procurement of HDPE pipes and sockets from M/s Bhutan Polythene Company and M/s Bhutan Plastic Industry, Phuentsholing, but had recovered/deducted only Nu.1.762 million, leaving a recoverable balance of Nu.1.309 million.

The lapses had occurred apparently due to negligence of the concerned Site Engineer and Supervising Engineer in verifying the claims and not deducting of the cost of materials from the RA bills as required. As of 31 March 2019, Nu.0.381 million was recovered and deposited into ARA leaving a balance of Nu.0.928 million. *AIN: 15357; Para: 1.1; Accountabilities: Direct: Kezang Tobgay, Asst. Dzongkhag Engineer, EID # 20150105064; Supervisory: Tshering Chopel, Dzongkhag Engineer, EID # 8808013.*

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in NA conference hall, Thimphu where the Dzongkhag Engineer, Kezang reported that, out of Nu. 1,300,000/- to be recovered, approximately Nu. 380,000/- was deposited and the balance amount was approximately Nu. 928,000/-. Further, it was reported that a case was forwarded to Phuntsholing District Court and the judgment was passed on March 2021 directing the contractor to pay the balance amount by 20 July 2021. As of now the balance amount is approximately Nu. 400,000/- and all the relevant documents related to the amount recovered was personally shared with the RAA's Regional Office, Phuntsholing but it has been reflected as Nu. 900,000/- in audit report.*

RAA reported that they will follow up with the Regional Office, Phuntsholing and update it accordingly.

It was decided that Dzongkhag Administration shall submit all the documents related to the recovery of the amount to RAA, Thimphu and RAA shall update it accordingly.

As per the record of the RAA out of Nu.1.309 million; Nu.1.131 million has been deposited with the RAA/OAAG P/ling leaving a balance of Nu.0.178 million

3.1.3 OVER PAYMENT DUE TO IMPROPER VERIFICATION OF WORK DONE – NU.0.321 MILLION

The Dzongkhag Administration, Chhukha had made over payment of Nu.0.321 million to M/s Zambala Construction, Sarpang in the re-Construction and maintenance of Water Supply to Gedu Town due to improper verification of work done. The contractor had claimed for quantities in excess of items of work actually executed at site with resultant excess payment. The excess payment had occurred mainly due to failure of the site engineer to properly verify the contractor's claim in relation to drawings and actual work done at site and ensure the admissibility of contractor's claims. *AIN: 15357; Para: 3.1; Accountabilities: Direct: Damchoe Dorji, Municipal Engineer, EID #*

201101228; Supervisory: Tshering Chopel, Chief Dzongkhag Engineer, EID # 8808013.

Status: Observation not settled. This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in NA conference hall, Thimphu where the Municipal Engineer, Damchoe Dorji reported that after the issuance of audit memo the contractor was requested to come for joint measurement but couldn't because the contractor was already in detention (police custody) due to some other issue.

It was decided that Dzongkhag Administration and RAA should have a bilateral meeting in resolving the issue by 3rd October 2021.

Observation remained unsettled as of 31 March 2022 as the amount was not recovered.

3.3 ADJUSTMENT OF ADVANCES WITHOUT SUPPORTING DOCUMENTS - NU.0.247 MILLION

During financial year 2015-2016, the Dungkhag Administration, Phuentsholing had adjusted outstanding PW Advances amounting to Nu.0.247 million without supporting documents. The lapses had occurred due to lack of proper segregation of duties in operation of PEMS. The Accountant had single handedly carried out preparation and approval of vouchers in the system that facilitated fabrication of records. *AIN: 15334; Para: 41; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Rabgye Tobden, Former Drungpa, EID # 9208098.*

Status: Observation not settled. This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. However, the PAC directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to RAA.

Observation remained unresolved as of 31 March 2022 as it is reported subjudice in the Phuntsholing Dungkhag Court.

3.3. OUTSTANDING ADVANCES

3.3.1 OUTSTANDING PUBLIC WORK ADVANCES - NU.0.131 MILLION

The Dungkhag Administration, Phuentsholing had overdue outstanding Public Work Advances (PWA) amounting to Nu.0.161 million as on 30 June 2017. Advance amounting to Nu.0.030 million pertained to Cultural Officer as DSA for Dancers and Nu.0.130 million was found released to Chhimi Dorji, Accountant as advance for RIS. The lapses had occurred due to non-adherence to the provisions of FRR. *AIN: 15334; Para: 30; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Ugyen Choda, Cultural Officer, EID # 200905024; Supervisory: Karma Rinchen, Sr. Drungpa, EID # 9308053.*

Status: Observation not settled. This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. However, the PAC directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to RAA.

Observation remained unresolved as of 31 March 2022 as it is reported subjudice in the Phuntsholing

3.3.2 OVERDUE PUBLIC WORK ADVANCE - NU.0.130 MILLION

The Dzongkhag Administration, Chhukha had overdue outstanding Public Work Advances (PWA) amounting to Nu.0.434 million. Some of the PW Advances were found carried forward from FY 2010-2011 when the records were migrated from Budget and Accounting System (BAS) to the current Public Expenditure Management System (PEMS).

The lapses had occurred due to failure on the part of the Dzongkhag Administration to follow-up with individuals concerned on time. As of 31 March 2019, Nu.0.304 million was recovered leaving a balance of Nu.0.130 million. *AIN: 15357; Para: 20; Accountabilities: Direct: Nim Zam, Accounts Officer, EID # 201101052; Supervisory: Bhim Raj Yogi, Sr. Finance Officer, EID # 200601030.*

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in NA conference hall, Thimphu where the Dzongkhag Accounts Officer, Nim Zam reported that the project was funded by Ministry of Information and Communications and the work was executed during the financial year 2010 to 2011. RAA audited the works during 2018 and issued memo against this work. It was further stated that matter was followed up with the contractor to recover the amount but couldn't as the contractor was not financially sound to repay the same. Mr. Tshewang Jamtsho, contractor, initially acknowledged to repay the amount but due to sudden demise of multiple members of his family he went bankrupt and couldn't pay the amount. It was also stated that his contract license has been cancelled as of now. However, the works was completed by him. Therefore, it was requested to waive of the amount and drop this issue.*

The RAA stated that such issues cannot be waived off arbitrarily unless the contractor is being declared bankrupt by the Royal Court of Justice.

It was decided that Dzongkhag Administration should exhaust all means to recover the amount from the contractor and submit a report on the same to RAA by 31 October 2021. Further, if the contractor wishes to apply for bankruptcy he can do so through legal process and if declared bankrupt the same should be reported to RAA for appropriate decision.

However, the observation remained unsettled as of 31 March 2022.

3.4. EXCESS PAYMENTS ON PROCUREMENT OF LAPTOP COMPUTERS, FURNITURE AND EQUIPMENT - NU.0.038 MILLION

The Dungkhag Administration, Phuentsholing had made excess payments of Nu.0.048 million on the procurement of laptop computers, furniture and equipment. The lapses had occurred due to the failure of the dealing Accountant to check the bills properly before releasing payments to the suppliers. As of 31 March 2019, the unresolved amount stood at Nu.0.038 million. *AIN: 15334; Para: 22; Accountabilities: Direct: Chhimi Dorji, Accountant, EID # 9206009; Supervisory: Karma Rinchen, Sr. Drungpa, EID # 9308053; Rabgye Tobden, Former Drungpa, EID # 9208098.*

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 13 Sept. 2021 in NA conference hall, Thimphu where the Dzongkhag Finance Officer reported that all thirty-seven issues against Chhimi Dorji, Accountant, have been filed before the Phuntsholing Dungkhag Court and is subjudice there. Further, it was stated that Chimmi Dorji acknowledged to attend the meeting to submit his justifications on these issues but couldn't as he had to visit Gelephu Hospital for medical treatment.*

The issue remained status quo as it was subjudice in the Phuntsholing Dungkhag Court. However, the PAC directed the Dzongkhag Administration to submit the documents relating to the cases forwarded to the Court to RAA.

Observation remained unresolved as of 31 March 2022 as it is reported subjudice in the Phuntsholing

1.3.2.3 DZONGKHAG ADMINISTRATION, GASA

During the year, the RAA conducted two audits of Dzongkhag Administration, Gasa. There were 20 observations amounting to Nu.13.395 million of which seven observations amounting to Nu.7.544 million were either resolved prior to the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.5.851 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Dzongkhag Administration, observations amounting to Nu.0.461 million were resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.5.390 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Dzongkhag, however, the balance unsettled irregularity of Nu. 0.005 million reported to the Parliament in October 2021 remained unsettled as on 31 March 2022 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
2	Shortfalls, Lapses and Deficiencies	0.005	-	0.005	0.00
	Total	0.005	-	0.005	-

The details of unsettled irregularities reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 are as discussed below:

1. Shortfalls, Lapses and Deficiencies - Nu.0.005 million

There were cases of shortfalls, lapses and deficiencies involving Nu.0.361 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
2.2	Inadmissible payment of TA/DA and porter/pony during PHCB 2017	0.005	-	0.005
2.3	Non-reconciliation of employer's and employee's contribution	-	-	Unsettled
	Total	0.361	-	0.005

2.2. INADMISSIBLE PAYMENT OF TA/DA AND PORTER/PONY DURING PHCB 2017 - NU.0.005 MILLION

The Dzongkhag Administration, Gasa had made inadmissible payment of Nu.0.133 million on account of TA/DA and Porter/Pony during Second Population and Housing Census of Bhutan (PHCB) 2017. The officials were found to have claimed mileage despite using the pool vehicles and porter pony charges were also found paid irrespective of the places approved for Dholams by Dzongkhag Tshogdu. The lapses had occurred apparently due to non-compliance to directives of the Government and prevailing rules governing the payment. *AIN: 15682; Para: 6.2; Accountabilities: Direct: Refer*

Annexure given in audit report; Supervisory: Refer Annexure given in audit report.

Status: *Observation not settled. The balance unsettled amount of Nu. 0.005 million (Nu.5,250/- actual) reported earlier against Sonam Wangdi remained unrecovered as of 31 March 2022.*

2.3. NON-RECONCILIATION OF EMPLOYER'S AND EMPLOYEE'S CONTRIBUTION

The Dzongkhag Administration, Gasa had not reconciled the GPF contributions of employer and employees for the financial year 2016-2017 due to which payments from the employer's contribution was more than the employees' personal contribution by Nu.0.035 million. The lapses had occurred either due to non-remittance of employee's contributions or excess remittance of employer's contributions to provident fund account. *AIN: 15682; Para: 13; Accountabilities: Direct: Leki Wangchuk, Accounts Assistant, EID 20130802304; Supervisory: Karma, Finance Officer, EID No. 200407063.*

Status: *Observation not settled. The observation was deliberated during the PAC consultative meeting held on 12 Aug. 2021 in the DYT hall of Dzongkhag Administration Punakha where the Dzongkhag Administration reported that two faculties were transferred to Tang Central School & Khasadrapchu Middle Secondary School in the middle of the financial year and since the salaries and other benefits payable to the faculties were in the Gasa Dzongkhag, the GPF contributions resulted unreconciled. The PAC advised the Dzongkhag to reconcile the difference and report to the RAA.*

However, the observation remained unsettled as no further report was submitted to the RAA as of 31 March 2022.

1.3.2.4 DZONGKHAG ADMINISTRATION, HAA

During the year, the RAA conducted one audit of the Dzongkhag Administration, Haa. There were 4 observations amounting to Nu.0.337 million of which one observation amounting to Nu.0.016 million did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.0.321 million.

The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.0.321 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Dzongkhag and out of the total unsettled irregularities of Nu. 0.321 million reported to the Parliament in October 2021; Nu.0.035 million was settled leaving a balance of Nu.0.286 million as on 31 March 2022 as shown in the table below.

SL No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
1	Non-Compliance to Laws and Rules	0.035	0.035	-	100
2	Shortfalls, Lapses and Deficiencies	0.286	-	0.286	-
	Total	0.321	0.035	0.286	10.90

The details of unsettled irregularities reported to the Parliament in October 2021, irregularities settled thereafter and the balances as on 31 March 2022 are as discussed below:

1. Non-compliance to Laws and Rules

1.1. SHORT LEVY OF LIQUIDATED DAMAGES - NU.0.035 MILLION

The Dzongkhag Administration, Haa had short levied liquidated damages of Nu.0.035 million on M/s Kuendrup Tsemkhang, Gelephu for failure to supply goods on stipulated time. *AIN: 15359; Para: 2; Accountabilities: Direct: Kirtiman Rai, Assistant Engineer, EID # 200307023; Supervisory: Tshewang Dem, Dy. Chief Budget Officer, EID # 200201016.*

Status: Observation settled based on letter No.DAH/Legal-02/21-2022/3231 dated 18/11/2021 as the amount was recovered from M/s Khendup Tailoring and deposited with the RAA.

2. Shortfalls, Lapses and Deficiencies - Nu.0.286 million

There were cases of shortfalls, lapses and deficiencies involving Nu.0.286 million as summarised below:

Sl. No	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
2.1	Excess payment due to wrong adjustment of running bills	0.230	-	0.230
2.2	Excess payments on providing and applying Bhutanese traditional paintings	0.056	-	0.056
	Total	0.286	-	0.286

2.1. EXCESS PAYMENT DUE TO WRONG ADJUSTMENT OF RUNNING BILLS - NU.0.230 MILLION

The Dzongkhag Administration, Haa had made excess payment of Nu.0.230 million to the contractor due to wrong adjustment of running bills for Providing Bhutanese Traditional paintings for newly constructed Dratsha at Lhakhang Karpo Conservation project, Haa. The lapses had occurred due to lack of proper communication between the project management and the Accounts Section. *AIN: 15359; Para: 1.1; Accountabilities: Direct: Namgay Lhamo, Accountant, EID # 200907172; Supervisory: Tshewang Dem, Dy. Chief Budget Officer, EID # 200201016.*

Status: Observation not settled. This issue was deliberated during the PAC consultative meeting held on 10 Sept. 2021 in NA conference hall, Thimphu where the Internal Auditor reported that the case was filed on 3 Feb. 2021 before the Dzongkhag Court (Haa) and all the proceedings had been completed and judgment of the court was awaited.

The PAC directed the Dzongkhag to submit the documents relating to the case forwarded to Dzongkhag Court to RAA by 31 March 2022.

However, the case remained unsettled as no further developments were reported by the Dzongkhag as of 31 March 2022.

2.2. EXCESS PAYMENTS ON PROVIDING AND APPLYING BHUTANESE TRADITIONAL PAINTINGS - NU.0.056 MILLION

The Dzongkhag Administration, Haa had made excess payment of Nu.0.056 million to the contractor for items of work not executed while Providing Bhutanese Traditional paintings for newly

constructed Dratsha at Lhakhang Karpo Conservation project, Haa. M/s Gaa-Tyen Construction was paid for items of work in excess of quantities actually executed at site. The lapses had occurred apparently due to failure on the part of the site engineer to verify the contractor's bills properly based on actual works executed at site. *AIN: 15359; Para: 1.2; Accountabilities: Direct: Kirtiman Rai, Assistant Engineer, EID # 200307023; Supervisory: Tshewang Dem, Dy. Chief Budget Officer, EID # 200201016.*

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 10 Sept. 2021 in NA conference hall, Thimphu where the Internal Auditor reported that the case was filed on 3 Feb. 2021 before the Dzongkhag Court (Haa) and all the proceedings had been completed and judgment of the court was awaited.*

The PAC directed the Dzongkhag to submit the documents relating to the case forwarded to Dzongkhag Court to RAA by 30 Sept. 2021.

However, the case remained unsettled as no further developments were reported by the Dzongkhag as of 31 March 2022.

1.3.2.6 DZONGKHAG ADMINISTRATION, MONGGAR

During the year, the RAA conducted three audits of Dzongkhag Administration, Monggar. There were 39 observations amounting to Nu.6.864 million of which seven observations amounting to Nu.0.101 million were either resolved prior to the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.6.763 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Dzongkhag Administration, observations amounting to Nu.0.646 million were resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.6.117 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Dzongkhag and out of the balance unsettled irregularities of Nu. 1.501 million reported to the Parliament in October 2021, Nu. 0.416 million was settled leaving a balance of Nu.1.085 million as on 31 March 2022 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
1	Non-compliance to Laws and Rules	0.826	0.357	0.469	43.22
2	Shortfalls, Lapses and Deficiencies	0.675	0.059	0.616	8.74
	Total	1.501	0.416	1.085	27.71

The details of unsettled irregularities reported to the Parliament in October 2021, the irregularities settled thereafter and the unsettled ones as on 31 March 2022 are as discussed below:

1. Non-compliance to Laws and Rules – Nu.0.469 million

There were cases of non-compliance to laws and rules involving Nu.0.826 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
1.1	Delay in Construction of Sub-post, Staff <i>Quarter</i> and Toilet and applicable Liquidated Damages	0.469	-	0.469
1.3	Delay in Supply and Installation of Steel Tanks with GI Pipes and fittings and non-levy of liquidated damages	0.357	0.357	-
	Total	0.826	0.357	0.469

The cases of non-compliance to laws and rules are as indicated below:

1.1. DELAY IN CONSTRUCTION OF SUB-POST, STAFF QUARTER AND TOILET AND APPLICABLE LIQUIDATED DAMAGES - NU.0.678 MILLION

The Dzongkhag Administration, Monggar had not levied liquidated damages amounting to Nu.0.678 million on M/s Zangchong Construction, Zhemgang for delay in completion of construction of Sub-post, Staff Quarter and Toilet at Silambi. The scheduled date of completion was 8 October 2016, but the work was not completed even at the time of audit in March 2018. The contractor was liable for the maximum liquidated damages of 10% on the contract price of Nu.6.782 million. The lapse had occurred due to certifying the work as complete without actual completion by the site engineer. *AIN: 15672; Para: 7; Accountabilities: Direct: Padam Bdr Rai, AE, EID # 20120100121; M/s Zangchong Const, Contractor, CDB #7644; Supervisory: Sonam Tashi, DE, EID # 200801079.*

Status: *Observation not settled. Out of Nu.0.678 million, a sum of Nu.0.209 million was deposited with the RAA vide R/No.02073 dated 31/08/2021 leaving balance of Nu.0.469 million as of Aug. 2021.*

The issue was deliberated during the PAC consultative meeting held on 3 Aug. 2021 in the DYT hall of Trashigang Dzongkhag and the Dzongkhag Adm. Monggar reported that the construction of sub-post, staff quarter and toilet was completed. Out of Nu. 678,000/- of LD to be recovered, Nu. 200,000/- was recovered and remaining Nu. 478,000/- was due but the same has not been updated in RAA's report. Further, Dzongkhag Adm. issued a reminder to the contractor for the payment of the remaining amount but he did not pay so far. The PAC directed the Dzongkhag Adm. to check the status of the contractor in Construction Development Board and take legal recourse to recover the amount by 31 Aug. 2021.

However, the balance amount of Nu.0.469 million reported earlier remained unrecovered as of March 2022.

1.3. DELAY IN SUPPLY AND INSTALLATION OF STEEL TANKS WITH GI PIPES AND FITTINGS AND NON-LEVY OF LIQUIDATED DAMAGES - NU.0.357 MILLION

The Dzongkhag Administration, Monggar had not levied liquidated damages amounting to Nu.0.357 million on M/s Mawongpa Water Solution, Thimphu for delay in 'Supply and Installation of Steel Tanks with GI Pipes and fittings complete' at Gorbaktang, Dedrang and Royal Guest House. The time extension requested by the contractor did not cite reasons for which the time extension was required. In addition, the contractor was found awarded additional work of supplying and fixing of additional steel tank. The Dzongkhag reported that the main hindrance was the delay in handing over of site by the previous contractor, M/s Tshoki Construction, Thimphu. *AIN: 15672; Para: 4; Accountabilities: Direct: Tshering Phuntsho, AE, EID # 9507035; M/s Mawongpa Water Solution, Thimphu, Licence # 1002200; Supervisory Accountability: Sonam Tashi, DE, EID # 200801079.*

Status: *Observation has been settled vide letter No.MD/Thrimduen-01/2021/1377 dated 25/08/2021 based on the justification submitted to RAA along with completion report No. NIL dated 25/07/2016*

endorsed by the Dzongkhag Committee & time extension given vide letter No.MD/MMC-06/2016/2143 dated 23/11/2016.

2. Shortfalls, Lapses and Deficiencies – Nu.0.616 million

There were cases of shortfalls, lapses and deficiencies involving Nu.0.675 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
2.2	Non-rectification of damaged structure	0.601	-	0.601
2.2.1	Excess payment due to non-deduction of RCC beams in construction of RRM wall	0.074	0.059	0.015
	Total	0.675	0.059	0.616

2.2. NON-RECTIFICATION OF DAMAGED STRUCTURE - NU.0.601 MILLION

The Dzongkhag Administration, Monggar had not instructed M/s Sonam Lhamo Construction, Monggar to rectify damaged wall measuring 25 meters costing Nu.0.601 million in the construction of Retaining Wall at Silambi Pry School. It had remained unrectified as of date of audit. *AIN: 15672; Para: 6.1; Accountabilities: Direct: Padam Bdr Rai, AE, EID #20120100121; M/s Sonam Lhamo Construction, CDB #3408; Supervisory: Sonam Tashi, DE, EID #200801079.*

Status: Observation not settled. The issue was deliberated during the PAC consultative meeting held on 3 Aug. 2021 in the DYT hall of Trashigang Dzongkhag and the Dzongkhag Adm. Monggar reported that the damaged structures were rectified within the defect liability period. The RAA requested the Dzongkhag Adm. to submit the documents related to the completion of the work and handing & taking of the same for RAA's review and decision. The PAC directed the Dzongkhag that relevant documents should be submitted to the RAA by 31 Aug. 2021 for review and decision.

However, the observation remained unresolved as no reports were received by the RAA as of 31 March 2022.

2.2.1 EXCESS PAYMENT DUE TO NON-DEDUCTION OF RCC BEAMS IN CONSTRUCTION OF RRM WALL – NU.0.074 MILLION

The Dzongkhag Administration, Monggar had made excess payment of Nu.0.074 million due to non-deduction of RCC beams in construction of RRM wall in the construction of 3-unit RNR staff Quarter. M/s Mekham Dorji Construction, Thimphu was found paid for quantities in excess of quantities actually executed at site. The lapses had occurred apparently due to failure of the site engineer to exercise due diligence while passing the contractor's claims. *AIN: 15672; Para: 8; Accountabilities: Direct: Karma Wangmo, AE, EID # 20120100117; M/s Mekham Dorji Const, Contractor, CDB #2031; Supervisory: Sonam Tashi, DE, EID # 200801079.*

Status: Observation partially settled. The issue was deliberated during the PAC consultative meeting held on 3 Aug. 2021 in the DYT hall of Trashigang Dzongkhag and the Dzongkhag Adm. Monggar reported that the Site Engineer wrote three letters to the contractor for the refund of the excess amount but hadn't refunded it yet. The PAC directed the Administration to resolve the issue within 31 Aug. 2021 and report the same to the RAA.

Subsequently, out of the total excess payment of Nu.0.074 million; Nu. 0.059 million was deposited with the RAA vide R/No.02094 dated 17/09/2021 leaving a balance of Nu.0.015 million as of 31 March 2022. As such the observation remained unresolved.

1.3.2.7 DZONGKHAG ADMINISTRATION, PARO

During the year, the RAA conducted two audits of Dzongkhag Administration, Paro. There were 32 observations amounting to Nu.11.549 million of which 14 observations amounting to Nu.5.541 million were either resolved prior to the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.6.008 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Dzongkhag Administration, observations amounting to Nu.0.151 million were resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.5.857million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Dzongkhag and out of Nu. 1.899 million reported to the Parliament in October 2021; Nu.0.326 million was resolved leaving a balance of Nu.1.573 million as on 31 March 2022 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
1	Non-compliance to Laws and Rules	0.283	0.283	-	100
2	Shortfalls, Lapses and Deficiencies	1.616	0.043	1.573	2.66
	Total	1.899	0.326	1.573	17.17

The details of unsettled irregularities reported to the Parliament in October 2021; irregularities settled thereafter and the unsettled ones as on 31 March 2022 are as discussed below:

1. Non-compliance to Laws and Rules

1.1. NON-EXECUTION/PROVIDING AND FIXING OF ELECTRICAL FITTINGS AS PER BOQ - NU.0.283 MILLION

The Dzongkhag Administration, Paro had accepted Nu.0.283 million worth of electrical fittings and fixture other than those specified in the Bill of Quantities (BoQ) in the construction of two- unit staff quarter at RNR Centre under Shaba Gewog. M/s Lhab Tshering Construction, Paro had quoted to provide for wiring for all points to be done with recessed HDPE pipe, but was found done with PVC casing-capping. The contractor had also provided PVC boxes for switch and junctions, instead of metal boxes specified in the BoQ. The change of specification for electrical fittings was neither approved by the Tender Committee, nor was any rate analysis carried out to adjust the prices for the substituted items. *AIN: 15243; Para: 12.2; Accountabilities: Direct: Passang Tobgay, Asst. Engineer, EID No. 200307038; Supervisory: Chane Zangmo, Chief Dzongkhag Engineer, EID No. 9901228.*

Status: *Observation settled. The initial amount of Nu.0.283 million was revised to Nu.0.012 million after re-verification of the works by the audit team. The resultant amount of Nu.0.012 million has been deposited with the RAA vide Rt. No. A01624 dated 15/9/2021 and 01656 dated 16/2/2022 and the observation resolved.*

2. Shortfalls, Lapses and Deficiencies - Nu.1.573 million

There were cases of shortfalls, lapses and deficiencies involving Nu.1.617 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
2.3	Payment for short/less execution of works resulting to excess payment	0.425	-	0.425
2.4	Less payment to contractor	0.387	-	0.387
2.5	Payment made at higher rate resulting into excess payment	0.233	-	0.233
2.6	Excess payment on account of short-execution of work	0.196	-	0.196
2.7	Payment made for work not executed at site	0.138	-	0.138
2.8	Payment made for electrical item/work not provided/done	0.100	-	0.100
2.9	Payment made for electrical item/work not provided/executed	0.094	-	0.094
2.10	Payment made for electrical item not provided at site	0.043	0.043	-
	Total	1.616	0.043	1.573

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

2.3. PAYMENT FOR SHORT/LESS EXECUTION OF WORKS - NU.0.425 MILLION

The Dzongkhag Administration, Paro had made excess payment of Nu.0.425 million to M/s Kurizam Construction for items of works short/less executed in the construction of two storied medical store at Paro Hospital as under:

- An amount of Nu.0.023 million pertained to width of the RRM internal wall being considered as 600mm instead of 400mm specified in Structural drawings;
- Nu.0.025 million pertained to short wall provided with half brick at site but paid as full brick wall while passing the claims in final bill;
- Nu.0.010 million pertained to non-deduction of openings from cement plaster on walls in the final bill; and
- Nu.0.003 million was due to inaccurate dimensions and application of inconsistent method/formulae while calculating the quantity of TMT bars against approved structural drawing.

The excess payments had occurred due to failure of the site engineer and supervising engineer to exercise due diligence and necessary checks to ensure admissibility of contractor's claims. *AIN: 15243; Para: 17.4; Accountabilities: Direct: Pema Lhendup, Dy. Executive Engineer, EID No. 9807053; Supervisory: Chane Zangmo, Chief Dzongkhag Engineer, EID No. 9901228.*

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 10 Sept. 2021 in NA conference hall, Thimphu where Paro Dzongdag reported that the Dzongkhag Administration was following up with the contractor to recover the amount. Upon failure to do so, the administration decided to take legal action and all the nine issues have been registered in the court and is waiting for judgment. However, the report on the action taken was not communicated to the RAA.*

The PAC directed the Dzongkhag Administration, Paro to submit the documents related to the cases forwarded to the court to RAA by 30 Sept. 2021.

However, the issue remained unresolved as the RAA did not received any further reports from the

Dzongkhag as of 31 March 2022.

2.4. LESS PAYMENT TO CONTRACTOR - NU.0.387 MILLION

The Dzongkhag Administration, Paro had made short payment of Nu.0.387 million to M/s Kurizam Construction for the construction of two storied medical store at Paro Hospital. Review of the contractor's final bill against actual execution of works at site revealed that the actual quantity executed at site was more than the actual quantity paid in final bill. *AIN: 15243; Para: 17.1; Accountabilities: Direct: Pema Lhendup, Dy. Executive Engineer, EID No. 9807053; Supervisory: Chane Zangmo, Chief Dzongkhag Engineer, EID No. 9901228.*

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 10 Sept. 2021 in NA conference hall, Thimphu where Paro Dzongdag reported that the Dzongkhag Administration was following up with the contractor to recover the amount. Upon failure to do so, the administration decided to take legal action and all the nine issues have been registered in the court and is waiting for judgment. However, the report on the action taken was not communicated to the RAA.*

The PAC directed the Dzongkhag Administration, Paro to submit the documents related to the cases forwarded to the court to RAA by 30 Sept. 2021.

However, the issue remained unresolved as the RAA did not received any further reports from the Dzongkhag as of 31 March 2022.

2.5. PAYMENT MADE AT HIGHER RATE RESULTING INTO EXCESS PAYMENT - NU.0.233 MILLION

The Dzongkhag Administration, Paro had made excess payment of Nu.0.233 million to M/s Kurizam Construction in the construction of two storied medical store at Paro Hospital due to payment for items of works at a higher rate than quoted in the BoQ. The excess payments had occurred due to failure of the site engineer and supervising engineer to exercise due diligence and necessary checks to ensure admissibility of contractor's claims. *AIN: 15243; Para: 17.3; Accountabilities: Direct: Pema Lhendup, Dy. Executive Engineer, EID No. 9807053; Supervisory: Chane Zangmo, Chief Dzongkhag Engineer, EID No. 9901228.*

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 10 Sept. 2021 in NA conference hall, Thimphu where Paro Dzongdag reported that the Dzongkhag Administration was following up with the contractor to recover the amount. Upon failure to do so, the administration decided to take legal action and all the nine issues have been registered in the court and is waiting for judgment. However, the report on the action taken was not communicated to the RAA.*

The PAC directed the Dzongkhag Administration, Paro to submit the documents related to the cases forwarded to the court to RAA by 30 Sept. 2021.

However, the issue remained unresolved as the RAA did not received any further reports from the Dzongkhag as of 31 March 2022.

2.6. EXCESS PAYMENT ON ACCOUNT OF SHORT-EXECUTION OF WORK - NU.0.196 MILLION

The Dzongkhag Administration, Paro had made excess payment of Nu.0.196 million to M/s Tashi Norphel Construction for items of works short executed in the re-electrification works of Rinpung Dzong. The details of measurement for actual work done at site were not recorded in MB and instead an abstract of measurement were recorded and considered for payment. The excess payments had

occurred due to failure of the site engineer and supervising engineer to exercise due diligence and necessary checks to ensure admissibility of contractor's claims. *AIN: 15243; Para: 4.1; Accountabilities: Direct: Passang Tobgay, Assistant Engineer (Electrical), EID No 200307038; Supervisory Accountability: Chane Zangmo, Chief Dzongkhag Engineer, EID No. 9901228.*

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 10 Sept. 2021 in NA conference hall, Thimphu where Paro Dzongdag reported that the Dzongkhag Administration was following up with the contractor to recover the amount. Upon failure to do so, the administration decided to take legal action and all the nine issues have been registered in the court and is waiting for judgment. However, the report on the action taken was not communicated to the RAA.*

The PAC directed the Dzongkhag Administration, Paro to submit the documents related to the cases forwarded to the court to RAA by 30 Sept. 2021.

However, the issue remained unresolved as the RAA did not received any further reports from the Dzongkhag as of 31 March 2022.

2.7. PAYMENT MADE FOR WORK NOT EXECUTED AT SITE - NU.0.138 MILLION

The Dzongkhag Administration, Paro had made payment of Nu.0.138 million to M/s Kurizam Construction for items of works not executed in the construction of two-storied medical store at Paro Hospital. The contractor had been paid for quantities in excess of actual quantities executed at site. The excess payments had occurred due to failure of the site engineer and supervising engineer to exercise due diligence and necessary checks to ensure admissibility of contractor's claims. *AIN: 15243; Para: 17.2; Accountabilities; Direct: Pema Lhendup, Dy. Executive Engineer, EID No. 9807053; Supervisory: Chane Zangmo, Chief Dzongkhag Engineer, EID No. 9901228.*

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 10 Sept. 2021 in NA conference hall, Thimphu where Paro Dzongdag reported that the Dzongkhag Administration was following up with the contractor to recover the amount. Upon failure to do so, the administration decided to take legal action and all the nine issues have been registered in the court and is waiting for judgment. However, the report on the action taken was not communicated to the RAA.*

The PAC directed the Dzongkhag Administration, Paro to submit the documents related to the cases forwarded to the court to RAA by 30 Sept. 2021.

However, the issue remained unresolved as the RAA did not received any further reports from the Dzongkhag as of 31 March 2022.

2.8. PAYMENT MADE FOR ELECTRICAL ITEM/WORK NOT PROVIDED/DONE-NU.0.100 MILLION

The Dzongkhag Administration, Paro had made inadmissible payment of Nu.0.100 million to M/s Sherabling Construction, Paro for items of works not executed in the construction of Community Information Center under Doteng Gewog. The excess payment had occurred due to release of payment to contractor before actual completion of the work at site based on the verbal assurance of the contractor instead of certifying for payment after the completion of the work in all respects. *AIN: 15243; Para: 14.1; Accountabilities: Direct: Passang Tobgay, Asst. Engineer, EID No. 200307038; Supervisory: Chane Zangmo, Chief Dzongkhag Engineer, EID No. 9901228.*

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 10 Sept. 2021 in NA conference hall, Thimphu where Paro Dzongdag reported that the Dzongkhag*

Administration was following up with the contractor to recover the amount. Upon failure to do so, the administration decided to take legal action and all the nine issues have been registered in the court and is waiting for judgment. However, the report on the action taken was not communicated to the RAA.

The PAC directed the Dzongkhag Administration, Paro to submit the documents related to the cases forwarded to the court to RAA by 30 Sept. 2021.

However, the issue remained unresolved as the RAA did not received any further reports from the Dzongkhag as of 31 March 2022.

2.9. PAYMENT MADE FOR ELECTRICAL ITEM/WORK NOT PROVIDED/EXECUTED - NU.0.094 MILLION

The Dzongkhag Administration, Paro had made payment of Nu.0.094 million to M/s Sherabling Construction, Paro for items of works not/short executed in the construction of Community Information Center under Doteng Gewog. This had occurred due to release of full amount without actual completion of the work and verification of work at site. *AIN: 15243; Para: 13.1; Accountabilities: Direct: Passang Tobgay, Asst. Engineer, EID No. 200307038; Supervisory: Chane Zangmo, Chief Dzongkhag Engineer, EID No. 9901228.*

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 10 Sept. 2021 in NA conference hall, Thimphu where Paro Dzongdag reported that the Dzongkhag Administration was following up with the contractor to recover the amount. Upon failure to do so, the administration decided to take legal action and all the nine issues have been registered in the court and is waiting for judgment. However, the report on the action taken was not communicated to the RAA.*

The PAC directed the Dzongkhag Administration, Paro to submit the documents related to the cases forwarded to the court to RAA by 30 Sept. 2021.

However, the issue remained unresolved as the RAA did not received any further reports from the Dzongkhag as of 31 March 2022.

2.10. PAYMENT MADE FOR ELECTRICAL ITEM NOT PROVIDED AT SITE - NU.0.043 MILLION

The Dzongkhag Administration, Paro had made payment of Nu.0.043 million to M/s Lhab Tshering Construction, Paro for items of works not/short executed in the Construction of two- unit staff quarter at RNR Centre under Shaba Gewog. The lapses had occurred due to release of full amount without actual completion of the work and verification of work at site. *AIN: 15243; Para: 12.1; Accountabilities: Direct: Passang Tobgay, Asst. Engineer, EID No. 200307038; Supervisory: Chane Zangmo, Chief Dzongkhag Engineer, EID No. 9901228.*

Status: *Observation has been settled as the principal amount of Nu.0.043 million was deposited with the RAA vide receipt No. A01624 dated 15/9/2021 and also 24% pa accumulated penal interest of Nu.0.031 million vide Receipt No. 01656 dated 16/2/2022.*

1.3.2.8 DZONGKHAG ADMINISTRATION, PEMAGATSHEL

During the year, the RAA conducted four audits of Dzongkhag Administration, Pemagatshel. There were 16 observations amounting to Nu.25.076 million of which seven observations amounting to Nu.2.112 million were either resolved prior to the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018

amounted to Nu.22.964 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Dzongkhag Administration, observations amounting to Nu.0.533 million were resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.22.431 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Dzongkhag and out of the total unsettled irregularities of Nu. 22.334 million reported to the Parliament in October 2021; Nu.19.145 million was settled leaving a balance of Nu.3.189 million as on 31 March 2022 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
1	Non-compliance to Laws and Rules	-	-	-	-
2	Shortfalls, Lapses and Deficiencies	22.334	19.145	3.189	85.72
	Total	22.334	19.145	3.189	85.72

The details of unsettled irregularities reported to the Parliament in October 2021, irregularities resolved and the unsettled balances as on 31 March 2022 are as discussed below:

1. Non-compliance to Laws and Rules

1.1. NON-RECTIFICATION OF DEFECTIVE WORKS

The Dzongkhag Administration, Pemagatshel had not instructed the contractor, M/s Ugyen Construction, Pemagatshel to rectify defective works noted in the blacktopping of internal roads and resurfacing of Basketball court at Nangkhor Central School. The defects had occurred due to poor workmanship on part of the contractor and inadequate monitoring and supervision by the school authorities. The Handing-Taking Committee had also not exercised due diligence when taking over the completed works. *AIN: 15175; Para: 9; Accountabilities: Direct; Damcho Zangmo, AE, EID # 9707057; Supervisory: Sonam Jamtsho, DE, EID # 201001181.*

Status: *Observation not settled. The issue was deliberated during the PAC consultative meeting held on 2 Aug. 2021 in DYT hall of Trashigang Dzongkhag and the Dzongkhag Adm. Pemagatshel reported that all the defective works were rectified but the documents related to completion of the works were not submitted to the RAA by the former engineer. The RAA requested the Dzongkhag Adm. Pemagatshel to submit work completion report endorsed by the Dzongkhag Tender Committee to OAAG, S/jongkhar for review and appropriate decision. The PAC directed the Dzongkhag to submit the report by 31 Aug. 2021.*

However, the observation remained unsettled as no reports were received by the RAA as of 31 March 2022.

2. Shortfalls, Lapses and Deficiencies - Nu.3.189 million

There were cases of shortfalls, lapses and deficiencies involving Nu.22.334 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
2.1	Non-adjustment/recovery of pw advances and personal advances on time	22.284	19.102	3.182
2.2	Travel claim without performing tour	0.050	0.043	0.007
	Total	22.334	19.145	3.189

2.1. NON-ADJUSTMENT/RECOVERY OF PW ADVANCES AND PERSONAL ADVANCES ON TIME - NU.22.284 MILLION

The Dzongkhag Administration, Pemagatshel had overdue outstanding advances amounting to Nu.22.284 million remaining unadjusted. Nu. 22.174 million pertained to Public Works Advances and Nu.0.110 million pertained to Personal Advances. On enquiry the dealing officials informed that most of the outstanding advances pertained to cases which are under sub-judice. *AIN: 15175; Para: 1; Accountabilities: Direct: Lobzang Tshering, JE, EID # 200901074; Kinley Wangdi, JE, EID # 20140103482; Sonam Chogyel, AE, EID # 8808110; Kinzang Tshering, DAO, EID # 9908029; Leki Lhamo, NFE Instructor, EID # 12003001280; Sonam Zangmo, Caretaker, CID #1107003640; Supervisory: Yezer, Sr. FO, EID # 200901068.*

Status: *Observation partially settled. The issue was deliberated during the PAC consultative meeting held on 2 Aug. 2021 in DYT hall of Trashigang Dzongkhag and the Dzongkhag Adm. Pemagatshel reported that some advances were already adjusted. The RAA requested the Dzongkhag to submit the adjustment report to OAAG, S/jongkhar for review and appropriate decision.*

Subsequently, on submission of the adjustment documents out of the total outstanding of Nu.22.284 million; Nu.19.102 million was settled leaving a balance of Nu.3.182 million as of 31 March 2022.

2.2. TRAVEL CLAIM WITHOUT PERFORMING TOUR - NU.0.115 MILLION

The Dzongkhag Administration, Pemagatshel had made inadmissible payments amounting to Nu.0.494 million to officials on account of TA/DA for official tours but the officials were found present in the office as per the attendance register on the dates claimed as tours, which was construed as claims made for tours not performed. The lapses had occurred due to non- enforcement of travel rules and regulations by the concerned Sector Heads and the Administration & Finance Section indicating weak internal controls. As of 31 March 2019, Nu.0.379 million has been recovered leaving balance of Nu.0.115 million unresolved. *AIN: 15175; Para: 3; Accountabilities: Direct: Refer Accountability Statement in audit report; Supervisory: Refer Accountability Statement in audit report.*

Status: *Observation partially settled. Out of the unsettled balance irregularity of Nu.0.050 million reported in August 2021; Nu.0.043 has been settled leaving a balance of Nu.0.007 million.*

The issue was deliberated during the PAC consultative meeting held on 2 Aug. 2021 in DYT hall of Trashigang Dzongkhag and the Dzongkhag Adm. Pemagatshel reported that despite efforts made by the Dzongkhag the accountable person did not pay the due. Therefore, the Dzongkhag has decided to take legal actions on the same within 30 Aug. 2021.

From the balance unsettled irregularity of Nu.0.050 million reported in August 2021; Nu.0.043 was settled after the PAC consultation meeting leaving a balance of Nu.0.007 million only (Nu.6,500/-) against Rinchen Chedup as of 31 March 2022.

1.3.2.9 DZONGKHAG ADMINISTRATION, PUNAKHA

During the year, the RAA conducted one audit of Dzongkhag Administration, Punakha. There were 35 observations amounting to Nu.6.748 million of which 10 observations amounting to Nu.0.199 million were either resolved prior to the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.6.549 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Dzongkhag Administration, observations amounting to Nu.0.175 million were resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.6.374 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Dzongkhag, however, the unsettled irregularities of Nu. 2.541 million reported to the Parliament in October 2021 remained unresolved as on 31 March 2022 as shown in the table below.

SL No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
2	Non-compliance to Laws and Rules	1.204	-	1.204	-
3	Shortfalls, Lapses and Deficiencies	1.337	-	1.337	-
	Total	2.541	-	2.541	-

The details of unsettled irregularities reported to the Parliament in October 2021 which were not resolved as on 31 March 2022 are as discussed below:

1. Non-compliance to Laws and Rules - Nu.1.204 million

There were cases of non-compliance to laws and rules involving Nu.1.204 million as summarised below:

SL No.	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
2.1	Utilization of vendor fees without supporting documents	1.204	-	1.204
2.4	Non-accountal of Receipts and Payments	-	-	Unsettled
	Total	1.204	-	1.204

2.1. UTILIZATION OF VENDOR FEES WITHOUT SUPPORTING DOCUMENTS - NU.1.204 MILLION

The Dzongkhag Administration, Punakha had utilised vendor fees amounting to Nu.1.204 million for carrying out various activities from May 2012 to March 2018 without adequate supporting documents. The expenses included procurement of the following:

S/n	Particulars	Amt. (Million)
1	Bush Cutting Machine, Dell Laptop and Dewan	0.086
2	Purchase of Hand Gloves, Tools, Extension Cords, HDPE Pipe, Gumboots, Carpet, Window Curtains and other miscellaneous items	0.076

3	Construction of cattle shed, maintenance of drain in Khuruthang Town and Market Shed, grass cuttings	0.145
4	Serving refreshments and lunch during public meeting and visit of guests	0.098
5	Printing of money receipt books	0.008
6	Donations and contributions	0.022
7	Payment of monthly wages for elementary service personnel	0.708
8	Payment of commission to vendor fee collector	0.057

In absence of proper supporting documents the authenticity of the expenditures made could not be ascertained. *AIN: 15640; Para: 21.2; Accountabilities: Direct: Aiman Limbu, AE, EID # 20120100114; Supervisory: Aiman Limbu, AE; EID # 20120100114.*

Status: Observation not settled. The issue was deliberated during the PAC consultative meeting held on 13 Aug. 2021 in the DYT hall of Punakha Dzong where the Dzongkhag Adm. reported that justifications vide letter No. DAP/MUN-08/2019-2020/5235 was submitted, however, the administration was informed to obtain an approval from Dzongkhag Tshogdu although the expenditures were already incurred. It was also reported that, regarding the utilization of vendor fees, the Municipal Office had collected minimal fees from the daily local vendors to meet the routine expenditure such as cleaning vegetable markets and other ad hoc activities in the vegetable market.

The RAA reported that the issue was pending because of the complaints received from the people with regard to misuse of funds by Tshogpas. No proper supporting documents were maintained for the expenditures incurred. Therefore, proper supporting documents/authentic bills should be submitted to the RAA endorsed by the Dzongkhag Tshogdu for review and decision. The PAC advised the Dzongkhag to submit a report endorsed by the Dzongkha Tshogdu for review by the RAA.

However, no reports were received from the Dzongkhag and the issue remained unresolved as of 31 March 2022.

2.4. NON-ACCOUNTAL OF RECEIPTS AND PAYMENTS

The Dzongkhag Administration, Punakha had made vendor fee collection of Nu.0.686 million from 1 November 2016 till 10 March 2018 out of which expenditure of Nu.0.497 million was incurred. During the financial year 2016-2017, Nu.0.020 million was paid from the current account of water utility charges. The Dzongkhag Municipal office had failed to account both the receipts as well as the expenditures incurred in the books of accounts as required by FRR. *AIN: 15640; Para: 21.1; Accountabilities: Direct: Aiman Limbu, AE, EID # 20120100114; Supervisory: Aiman Limbu, AE, EID # 20120100114.*

Status: Observation not settled. The issue was deliberated during the PAC consultative meeting held on 13 Aug. 2021 in the DYT hall of Punakha Dzong where the Dzongkhag Adm. reported that justifications vide letter No. DAP/MUN-08/2019-2020/5235 was submitted, however, the administration was informed to obtain an approval from Dzongkhag Tshogdu although the expenditures were already incurred. It was also reported that, regarding the utilization of vendor fees, the Municipal Office had collected minimal fees from the daily local vendors to meet the routine expenditure such as cleaning vegetable markets and other ad hoc activities in the vegetable market.

The RAA reported that the issue was pending because of the complaints received from the people with regard to misuse of funds by Tshogpas. No proper supporting documents were maintained for the expenditures incurred. Therefore, proper supporting documents/authentic bills should be submitted to the RAA endorsed by the Dzongkhag Tshogdu for review and decision. The PAC advised the Dzongkhag to submit a report endorsed by the Dzongkha Tshogdu for review by the RAA.

However, no reports were received from the Dzongkhag and the issue remained unresolved as of 31 March 2022.

2. Shortfalls, Lapses and Deficiencies - Nu.1.337 million

There were cases of shortfalls, lapses and deficiencies involving Nu.1.337 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
3.1	Excess payment as a result of paying beyond the approved drawings	1.223	-	1.223
3.3	Excess payment in the construction of approach road at RNR Centre	0.114	-	0.114
	Total	1.337	-	1.337

3.1 EXCESS PAYMENT AS A RESULT OF PAYING BEYOND THE APPROVED DRAWINGS – NU.1.223 MILLION

The Dzongkhag Administration, Punakha had made excess payment of Nu.1.223 million to the contractor due to payment beyond the approved drawings. Against the approved thickness of 200 mm (approved drawings), the contractor was paid for 400 mm in providing and laying for RCC works including TMT bars. Also, the weep holes were not deducted from the total quantity of RCC boundary wall and excess payment was made for providing and laying chain-link fencing. The lapses had occurred due to failure of the officials concerned to exercise due diligence and prudence in performing their duties and was indicative of extending undue financial favor to the contractor. *AIN: 15640; Para: 4.3; Accountabilities: Direct: Aiman Limbu, AE, EID # 20120100114; Gaana Builders, CDB # 7249; Supervisory: Tandin Dorji, Chief DzE, EID # 200401026; Tobgay, DzE (EID # 201101170).*

Status: *Observation not settled. The issue was deliberated during the PAC consultative meeting held on 13 Aug. 2021 in the DYT hall of Punakha Dzong where the Dzongkhag Adm. reported that the Dzongkhag Adm. had done 3 times follow up with RAA, Regional Office in Tsirang. In doing so, the audit team had agreed and accepted the workout justified by the Dzongkhag Adm. and reaffirmed that the actual excess payment to be recovered from the Contractor was Nu. 331,825/- and not Nu. 1.223 million. However, while the Dzongkhag Adm. tried to contact the contractor to recover the excess payment the contractor's whereabouts was not known.*

The PAC directed the Dzongkhag Adm. to initiate recovery of the amount from the contractor if not take legal recourse.

However, the issue remained unresolved as the amount was not recovered from the contractor as of 31 March 2022.

3.3 EXCESS PAYMENT IN THE CONSTRUCTION OF APPROACH ROAD AT RNR CENTRE – NU.0.114 MILLION

The Dzongkhag Administration, Punakha had made excess payment of Nu.0.114 million to M/s Chado T Construction, Punakha for items of works not/short executed in the construction of approach road at RNR center. The contractor was paid for 84.44 meters against the actual length of 75 meters of approach road and the RRM open surface drain, RCC works were not provided at site. The thickness of the road provided at site barely measured 80 mm, indicating that the AC was not provided as specified. The lapses had occurred apparently due to failure of the site engineer to exercise due diligence while verifying the final bill to ascertain admissibility contractor's claims. *AIN: 15640; Para: 8; Accountabilities: Direct: Tandin Dorji, Chief DzE, EID # 200401026; M/s Chador T Construction, CDB # 7399; Supervisory: Tandin Dorji, Chief DzE, EID # 200401026; Tobgay, DzE, EID # 201101170.*

Status: *Observation not settled. The issue was deliberated during the PAC consultative meeting held on 13*

Aug. 2021 in the DYT hall of Punakha Dzong where the Dzongkhag Adm. reported that they had issued a final reminder to the contractor to deposit the excess amount with penal interest. Unfortunately, the contractor had expired and the Dzongkhag Adm. was left with no option than to wait for the Royal Court of Justice to nominate his heir to recover the excess payment. The Dzongkhag Adm. received an assurance letter from the heir agreeing to deduct the amount from the bills from the two undergoing projects in the Dzongkhag. Dzongkhag Administration will accordingly deposit the amount recovered from the contractor with the RAA.

The PAC directed the Dzongkhag to recover the amount and deposit it with the RAA by 30 Sept. 2021.

However, the issue remained unresolved as the amount was not recovered as of 31 March 2022.

1.3.2.10 DZONGKHAG ADMINISTRATION SAMDRUP JONGKHAR

During the year, the RAA conducted four audits of the Dzongkhag Administration, Samdrup Jongkhar. There were 28 observations amounting to Nu.4.265 million of which 17 observations amounting to Nu.3.009 million were either resolved prior to the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.1.256 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Dzongkhag Administration, observations amounting to Nu.0.040 million were resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.1.216 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Dzongkhag and out of the total unsettled irregularities of Nu. 1.085 million reported to the Parliament in October 2021; Nu.0.301 was settled leaving a balance of Nu.0.784 as on 31 March 2022 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
1	Non-compliance to Laws and Rules	0.126	-	0.126	-
2	Shortfalls, Lapses and Deficiencies	0.959	0.301	0.658	31.39
	Total	1.085	0.301	0.784	27.74

The details of unsettled irregularities reported to the Parliament in October 2021, irregularities resolved thereafter and the balances as on 31 March 2022 are as discussed below:

1. Non-compliance to Laws and Rules – Nu.0.126 million

There were cases of non-compliance to laws and rules involving Nu.0.126 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
1.1	Non-liquidation of advances	0.126	-	0.126
1.2	Delay in completion of the work	-	-	Unsettled

1.3	Non-renewal of bank guarantee	-	-	Unsettled
	Total	0.126	-	0.126

The cases of non-compliance to laws and rules are as indicated below:

1.1. NON-LIQUIDATION OF ADVANCES - NU.0.126 MILLION

The Dzongkhag Administration Samdrup Jongkhar had not adjusted/recovered advances amounting to Nu.0.126 million from the contractor's Running Account Bill in the construction of the 200 feet span Double-Double Bailey Bridge at Phokcheri farm road under Serthi Gewog. *AIN: 15231; Para: 12.1; Accountabilities: Direct: Karma Dorji Sherpa, AE, EID No. 20070789; Supervisory: Lamdra Wangdi, Dungpa, EID No. 9507335.*

Status: *Observation not settled. As per letter No. SDA/IAU-03/2020-2021/1506 of 19/10/2020, an amount of Nu. 126,302.61 was recovered from the contractor's final bill but as per further comments of the Audit Report, the amount needs to be deposited into Audit Recovery Account which was not deposited as of 31 Aug.2021. The amount should be deposited with the RAA.*

This issue was deliberated during the PAC consultative meeting held v virtually on 8 Oct. 2021 and Asst. Internal Auditor of Dzongkhag Administration, Samdrup Jongkhar reported that the amount was recovered from the final bill and the security deposit but hasn't been deposited in Audit Recovery Account. Therefore, the administration has directed the accounts department to deposit the same into ARA.

The PAC advised the Dzongkhag Administration to deposit the amount recovered into Audit Recovery Account by 31 October 2021 and update RAA accordingly.

However, the amount was not deposited with the RAA thus the observation remained unresolved as of 31 March 2022.

1.2. DELAY IN COMPLETION OF WORK

The Dzongkhag Administration, Samdrup Jongkhar had made payments of Nu.1.939 million to Mjs Sidhi Jawa Construction, Trashigang in the construction of Office-cum-TB ward at Samdrup Jongkhar Hospital. The work was scheduled to commence from 29 December 2016 and complete on 29 July 2017. However, the works were found incomplete at the time of audit in October 2017. Further, an amount of Nu.0.310 million was booked under 'Closed Works'. The delays in progress of work was indicative of lack of adequate monitoring and supervision by site engineer. In addition, the running bills were found released without proper verification and approval. *AIN: 15231; Para: 5.3; Accountabilities: Direct: Kezang Wangmo, AE, EID No. 20120100123; Supervisory: Chador Phuntsho, DE, EID No. 9102052.*

Status: *Observation not settled. As per letter No. SDA/DES-04/2020-2021/1414 of 12/10/2020, the court verdict was served ordering to arrest the contractor as he could not pay the amount for the construction of office cum TB Ward at S/jongkhar Hospital.*

However, the issue remained unresolved as of 31 March 2022 as the Dzongkhag reported that the contractor is at large and the matter could not be resolved.

1.3. NON-RENEWAL OF BANK GUARANTEE

The Dzongkhag Administration Samdrup Jongkhar had indemnified 10% performance security money of Nu.0.187 million in the form of Performance Guarantee issued from the RICBL with validity period of 3 months for the construction of Office-cum-TB ward at Samdrup Jongkhar Hospital. However, the Dzongkhag Administration had not renewed the Performance Guarantee in spite of its expiry and delay in the completion of work. The lapse had occurred apparently due to failure on the

part of site engineer to exercise due diligence in reviewing the validity of the Performance Guarantee. *AIN: 15231; Para: 5.4; Accountabilities: Direct: Kezang Wangmo, AE, EID No. 20120100123; Supervisory: Chador Phuntsho, DE, EID No. 910252.*

Status: Observation not settled. As per letter No. SDA/DES-04/2020-2021/1414 of 12/10/2020, the court verdict was served ordering to arrest the contractor as he could not pay the amount for the construction of office cum TB Ward at S/jongkhar Hospital.

This issue was deliberated during the PAC consultative meeting held virtually on 8 Oct. 2021 and the Asst. Internal Auditor of the Dzongkhag reported that, upon contractor's failure to complete the work, the contract was terminated and rebate amount couldn't be deducted from the running bill. Due to non-repayment of loan by the contractor to RICBL the bank guarantee couldn't be renewed. Dzongkhag Administration sought for legal recourse to recover the amount and accordingly the Court directed the contractor to pay the amount to the Dzongkhag. An arrest warrant was issued against the contractor but he is nowhere to be found. Further, legal office and the site engineer enquired with the Construction Development Board about the contractor's work status and was informed that no works has been contracted to him.

The PAC directed the Dzongkhag Administration to submit a written justification on the issues to RAA by 31 October 2021.

However, the issue remained unresolved as of 31 March 2022 as the Dzongkhag reported that the contractor is at large and the matter could not be resolved.

2. Shortfalls, Lapses and Deficiencies - Nu.0.658 million

There were cases of shortfalls, lapses and deficiencies involving Nu.0.959 million as summarised below:

Sl. No	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
2.1	Non-deduction of rebate	0.600	-	0.600
2.2	Excess payment in construction of road, footpath and drainage	0.301	0.301	-
2.3	Overpayment due to double payment and computation error	0.058	-	0.058
Total		0.959	0.301	0.658

2.1. NON-DEDUCTION OF REBATE - NU.0.600 MILLION

The Dzongkhag Administration Samdrup Jongkhar had not deducted rebate of Nu.0.600 million offered by the contractor against the bid amount of Nu.2.551 million in the construction of Office- cum-TB Ward at Samdrup Jongkhar Hospital. The rebate offered had not been deducted proportionately from the running bills. *AIN: 15231; Para: 5.2; Accountabilities: Direct: Kezang Wangmo, AE, EID No. 20120100123; Supervisory: Chador Phuntsho, DE, EID No. 910252.*

Status: Observation not settled. This issue was deliberated during the PAC consultative meeting held virtually on 8 Oct. 2021 and the Asst. Internal Auditor of the Dzongkhag reported that, upon contractor's failure to complete the work, the contract was terminated and rebate amount couldn't be deducted from the running bill. Due to non-repayment of loan by the contractor to RICBL the bank guarantee couldn't be renewed. Dzongkhag Administration sought for legal recourse to recover the amount and accordingly the Court directed the contractor to pay the amount to the Dzongkhag. An arrest warrant was issued against the contractor but he is nowhere to be found.

Further, legal office and the site engineer enquired with the Construction Development Board about the contractor's work status and was informed that no works has been contracted to him.

The PAC directed the Dzongkhag Administration to submit a written justification on the issues to RAA by 31 October 2021.

However, the issue remained unresolved as of 31 March 2022 as the Dzongkhag reported that the contractor is at large and the matter could not be resolved.

2.2. EXCESS PAYMENT IN CONSTRUCTION OF ROAD, FOOTPATH AND DRAINAGE - NU.0.301 MILLION

The Dzongkhag Administration Samdrup Jongkhar had made excess payment of Nu.0.401 million due to excess claim for items of work executed in the construction of road, footpath and drainage at Samdrupcholing town. The item of work 'P/L Hammer dressed stone edging 150 mm x 250 mm with stones including excavation, refilling and disposal of surplus earth within 50 m' was recorded as three numbers in the MB, but only two numbers were executed with resultant excess payment to the contractor. The lapses had occurred apparently due to improper verification of contractor's bills and recording the measurement of works in the MB without cross verifying with the actual quantum of works executed at site by the site engineer and failure of the supervising engineer to ensure the admissibility of contractor's claims. *AIN: 15231; Para: 9; Accountabilities: Direct: Chador Phuntsho, DE, EID No. 910252; Supervisory: Chador Phuntsho, DE, EID No. 910252.*

Status: *Observation has been settled as the amount was deposited vide receipt No. 429091 of 27/01/20, A01257 of 19/10/2021, A01320 of 29/11/2021 and A01337 of 14/12/2021 along with 24% pa penalty.*

2.3. OVERPAYMENT DUE TO DOUBLE PAYMENT AND COMPUTATION ERROR - NU.0.058 MILLION

The Dzongkhag Administration Samdrup Jongkhar had made excess/double payment amounting to Nu.0.058 million due to improper computation of bill by the dealing official and had released the payment twice for the same item of work in the construction of Office-cumTB Ward at Samdrup Jongkhar Hospital. The excess/double payment had occurred apparently due to lack of proper verification of contractor's bills by the site engineer, supervising engineer and accounts personnel before releasing payment to the contractor. *AIN: 15231; Para: 5.1; Accountabilities: Direct: Kezang Wangmo, AE, EID No. 20120100123; Supervisory: Chador Phuntsho, DE, EID No. 910252.*

Status: *Observation not settled. As per letter No. SDA/DES-04/2020-2021/1414 of 12/10/2020, the court verdict was served ordering to arrest the contractor as he could not pay the amount for the construction of office cum TB Ward at S/jongkhar Hospital.*

This issue was deliberated during the PAC consultative meeting held virtually on 8 Oct. 2021 and the Asst. Internal Auditor of the Dzongkhag reported that, upon contractor's failure to complete the work, the contract was terminated and rebate amount couldn't be deducted from the running bill. Due to non-repayment of loan by the contractor to RICBL the bank guarantee couldn't be renewed. Dzongkhag Administration sought for legal recourse to recover the amount and accordingly the Court directed the contractor to pay the amount to the Dzongkhag. An arrest warrant was issued against the contractor but he is nowhere to be found. Further, legal office and the site engineer enquired with the Construction Development Board about the contractor's work status and was informed that no works has been contracted to him.

The PAC directed the Dzongkhag Administration to submit a written justification on the issues to

RAA by 31 October 2021.

However, the issue remained unresolved as of 31 March 2022 as the Dzongkhag reported that the contractor is at large and the matter could not be resolved.

1.3.2.11 DZONGKHAG ADMINISTRATION, SAMTSE

During the year, the RAA conducted three audits of the Dzongkhag Administration, Samtse. There were 21 observations amounting to Nu.38.747 million of which nine observations amounting to Nu.0.131 million were either resolved prior to the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.38.616 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Dzongkhag Administration, observations amounting to Nu.13.102 million were resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.25.514 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Dzongkhag, however, the balance irregularities of Nu. 19.307 million reported to the Parliament in October 2021 remained unsettled as on 31 March 2022.

SL No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
2	Non-compliance to Laws and Rules	8.755	-	8.755	-
3	Shortfalls, Lapses and Deficiencies	10.552	-	10.552	-
	Total	19.307	-	19.307	-

The details of unsettled irregularities reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 are as discussed below:

1. Non-compliance to Laws and Rules - Nu.8.755 million

There was a case of non-compliance to laws and rules involving Nu.8.755 million as summarised below:

1.1. TERMINATION OF GOLA TOWN RAW WATER SUPPLY CONTRACT WORKS AND IRREGULARITIES THEREOF - NU.8.755 MILLION

The Dungkhag Administration, Tashichhoeling had terminated the contract work for construction of Raw Water Supply at Gola town with M/s Druk Tshentop Construction Pvt. Ltd, Thimphu on 2 July 2017 due to failure of the contractor in completing the works despite several reminders. Subsequently, the Dungkhag Administration had attempted to carry out a joint assessment of the works actually executed at site and settle the accounts with the contractor. Following the contractor's refusal for joint assessment, the Dungkhag Administration initiated the assessment of work executed at site by forming an independent committee comprising officials from DOR, Samtse, RRCO, Samtse and Dungkhag Tender Committee; and worked out the net recoverable amount of Nu.8.755 million at the time of termination of contract.

Accordingly, the Dungkhag Administration had notified the contractor to deposit the assessed recoverable amount on or before 22 August 2017. However, the contractor had refused to accept the

assessed valuation as worked out by the joint committee. The Dungkhag Administration having exhausted all measures to settle the dispute amicably had invoked the provisions of the General Conditions of Contract and lodged the case with the Arbitration Facilitation Centre, CDB, Thimphu and the case was with the Arbitration Tribunal at the time of audit in March 2018. *AIN: 15589; Para: 7; Accountabilities: Direct: Pema Wangchen, Executive Engineer, EID # 8901048; Supervisory: Pema Wangchen, Executive Engineer, EID # 8901048.*

Status: *Observation not settled. The case has been reported registered in the Royal Court of Justice, Tashichhoeling and it is subjudice there.*

2. Shortfalls, Lapses and Deficiencies - Nu.10.551 million

There were cases of shortfalls, lapses and deficiencies involving Nu.10.552 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
3.1.1	Outstanding Advances	10.326	-	10.326
3.3	Non-recovery of advance payments and 20% of the value of incomplete works upon termination of contract	0.225	-	0.225
	Total	10.552		10.552

3.1.1 OUTSTANDING ADVANCES - NU.10.326 MILLION

The Dungkhag Administration, Tashichholing had overdue outstanding PW Advances of Nu.10.326 million against various contractors and suppliers for the financial year 2016-2017. *AIN: 15589; Para: 3; Accountabilities: Direct: Pema Wangchen, Executive Engineer, EID # 8901048; Supervisory: Pema Wangchen, Executive Engineer, EID # 8901048.*

Status: *Observation not settled. The case has been reported registered in the Royal Court of Justice, Tashichhoeling and it is subjudice there.*

3.3. NON-RECOVERY OF ADVANCE PAYMENTS AND 20% OF THE VALUE OF INCOMPLETE WORKS UPON TERMINATION OF CONTRACT – NU.0.225 MILLION

The Dungkhag Administration, Tashichholing had not recovered advanced payments and 20% of the value of incomplete works upon termination of contract for the construction of retaining wall at Sherub Gatshel LSS under Norgaygang Gewog awarded to M/s. Tenzin Construction, Thimphu due to non-fulfillment of the contractual obligations by the contractor and breach of contract agreement. The contractor was paid Nu.0.413 million including 10% Mobilization Advance and 75% of the value of the material at site. The assessed value of the work done at site till the date of termination including value of the materials available at site amounted to Nu.0.188 million. The net total recoverable amount from the contractor was Nu.0.225 million.

Subsequent to the termination of the contract, the Dungkhag Administration had issued letter for settlement of the accounts by 20 July 2017. However, the contractor had failed to cooperate and the Dungkhag Administration having exhausted all measures to settle the dispute mutually and amicably, had invoked the provisions of the contract agreement and had lodged the case with the Arbitration Facilitation Centre, CDB, Thimphu. The case was with the Arbitration Tribunal at the time of audit in March 2018. *AIN: 15589; Para: 6; Accountabilities: Direct: Tashi Wangchuk, Jr. Engineer, EID # 20140103487; Supervisory: Pema Wangchen, Executive Engineer, EID # 8901048.*

Status: Observation not settled. The case has been reported registered in the Royal Court of Justice, Tashichhoeling and it is subjudice there.

1.3.2.12 DZONGKHAG ADMINISTRATION, SARPANG

During the year, the RAA conducted one audit of the Dzongkhag Administration, Sarpang. There were 18 observations amounting to Nu.12.098 million of which 14 observations amounting to Nu.11.295 million were either resolved prior to the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.0.803 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Dzongkhag Administration, observations amounting to Nu.0.052 million were resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.0.751 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Dzongkhag, however, the total unsettled irregularities of Nu. 0.751 million reported to the Parliament remained unsettled as on 31 March 2022 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
1	Shortfalls, Lapses and Deficiencies	0.751	-	0.751	-
	Total	0.751	-	0.751	

The details of unsettled irregularities reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 is as discussed below:

1. Shortfalls, Lapses and Deficiencies - Nu.0.751 million

There was a case of shortfalls, lapses and deficiencies amounting to Nu.0.751 million as indicated below:

1.1. TERMINATION OF CONTRACT DUE TO NON-FULFILLMENT OF CONTRACTUAL OBLIGATION AND NON-REFUND OF EXCESS PAYMENT - NU.0.751 MILLION

The Dzongkhag Administration, Sarpang had not recovered excess payment of Nu.0.751 million from the contractor, upon termination of contract for the construction of Access road to Phulari Goenpa due to poor progress of the work and substantial delay beyond LD period.

The contractor, M/s Samphel Drukpa Construction was paid a total of Nu.18.846 million through seven Running Account Bills at the time of termination, but the value of work done was only Nu.9.967 million. The contractor was also provided with Mobilization advance of Nu.0.200 million. After adjusting/deducting 20% penalty on value of work not executed, 10% liquidated damages, forfeiture of retention money, forfeiture of performance guarantee, value of materials at site, value of unpaid bills, the total recoverable amount from the contractor stood at Nu.0.751 million.

The lapses had occurred mainly due to payment of RABs without verifying the actual quantities of work done, by the site engineer and failure of the site engineer to ensure the admissibility of contractor's claims. The case is sub-judice. *AIN: 15408; Para: 1.2; Accountabilities: Direct: Kinley Penjor, JE, EID # 20120100128; Kinley Giri. JE, EID # 200307188; M/s Samphel Drukpa Construction (CDB*

2625); Supervisory: Dawala, Former Dzongdag, EID 8304041; Therchung Kencho, Ex-Dzong rab, EID # 8007023; Sangay Tenzin, Chief DE, EID # 8808028; Ugyen Dorji, Planning Officer, EID # 299505035; Sonam Tshering, Drungpa, EID # 9308054; Sangay Rinchen, Accounts Officer, EID # 200801135.

Status: Observation not settled. The High Court upheld the Arbitral Award ARDC/LD/Case/03/00014/2018 in favor of the Dzongkhag Administration. The case has been put up for enforcement of the judgment at Dungkhag Court, Gelephu for recovery of Nu. 733,109.54 as per the arbitral award.

1.3.2.13 DZONGKHAG ADMINISTRATION, THIMPHU

During the year, the RAA conducted two audits of the Dzongkhag Administration, Thimphu. There were 16 observations amounting to Nu.1.856 million of which 9 observations amounting to Nu.0.457 million were either resolved prior to the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.1.399 million.

The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.1.399 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Dzongkhag and the irregular principal amounts reported to the Parliament were settled, however, following observations remained unresolved as the accumulated penal interests were not recovered as on 31 March 2022 as narrated below.

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
3	Shortfalls, Lapses & Defeciciencies	-	-	-	-
	Total	-	-	-	-

The details of unsettled irregularities reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 are as discussed below:

2.1 Shortfalls, lapses and deficiencies

There were cases of shortfalls, lapses and deficiencies for which accumulated penal interests were not recovered although principal amounts were settled as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
3.1	Payment made for short-execution of work	-	-	-
3.2	Payment for work not executed at site	-	-	-
3.3	Excess payment due to claim of items of works at inflated rate	-	-	-
3.4	Payment made for short executed works at site	-	-	-

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

3.1 PAYMENT MADE FOR SHORT-EXECUTION OF WORK - NU.0.339 MILLION

The Dzongkhag Administration, Thimphu had made excess payment of Nu.0.339 million to the contractor for items of work short executed in the Renovation of Classrooms and Construction of Aqua Privy Toilet at Khasadrapchu MSS under Maedwang Gewog. The contractor was paid in excess of quantities actually executed at site amounting to Nu.0.613 million.

Further, the contractor was also short-paid by Nu.0.274 million due to exclusion of some quantities in the final bill and due to insufficient fund balance at the time of making final payment. The lapses had occurred due to failure on the part of the concerned site engineer and supervising engineer to ensure proper verification of contractor's bills and measurements at site prior to certifying the bills for payment indicating lack of internal controls. *AIN: 15428; Para: 1.1; Accountabilities: Direct: Tshewang Samdrup, AE, EID # 200311004; M/s Sangay Construction, Thimphu, CDB Registration # 2493, Trade License # 1018183; Supervisory: Chhabi Lal Das, DE, EID # 8808036.*

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 10 Sept. 2021 in NA conference hall, Thimphu where RAA reported that the principal amount was recovered and is left with the interest amount only. However, contractor has requested RAA for the waiver of interest amount.*

It was decided that Dzongkhag Administration and RAA should convene a bilateral meeting to discuss and decide on the waiver of the interest amount based on the appeal of the contractor and submit the decision by 30 Sept. 2021.

This issue was deliberated in the 9th Follow up Committee Meeting of the RAA held on 6 Oct. 2021 and the committee decided to insist for the recovery of accumulated 24% p.a. penalty of Nu.175,591.32 as it is a case of payment made for non/short execution of work.

However, the penalty of Nu.175, 591.32 remained unrecovered as of 31 March 2022.

3.2. PAYMENT FOR WORK NOT EXECUTED AT SITE

The Dzongkhag Administration, Thimphu had made excess payment of Nu.0.086 million to the contractor for items of work not executed/provided at site in the Renovation of Classrooms and Construction of Aqua Privy Toilet at KMSS under Maedwang Gewog. The lapses had occurred apparently due to failure of the site engineer to exercise due diligence while verifying and certifying the claims of the contractor prior to releasing the payment. *AIN: 15428; Para: 1.3; Accountabilities: Direct: Tshewang Samdrup, AE, EID # 200311004 M/s Sangay Construction, Thimphu, CDB Registration # 2493, Trade License # 1018183; Supervisory: Chhabi Lal Das, DE, EID # 8808036.*

Status: *Observation not settled as the penal interest of Nu. 6,000/- was not cleared. This issue was deliberated during the PAC consultative meeting held on 10 Sept. 2021 in NA conference hall, Thimphu where RAA reported that the principal amount was recovered and is left with the interest amount only. However, contractor has requested RAA for the waiver of interest amount.*

It was decided that Dzongkhag Administration and RAA should convene a bilateral meeting to discuss and decide on the waiver of the interest amount based on the appeal of the contractor and submit the decision by 30 Sept. 2021.

This issue was deliberated in the 9th Follow up Committee Meeting of the RAA held on 6 Oct. 2021 and the committee decided to insist for the recovery of accumulated 24% p.a. penalty of Nu.6,000/- as it is a case of payment made for non/short execution of work.

However, the penalty of Nu.6,000.00 remained unrecovered as of 31 March 2022.

3.3. EXCESS PAYMENT DUE TO CLAIM OF ITEMS OF WORKS AT INFLATED

The Dzongkhag Administration, Thimphu had made excess payment of Nu.0.074 million to the contractor in the Renovation of Classrooms and Construction of Aqua Privy Toilet at KMSS under Maedwang Gewog due to payment for items of works at an inflated rate. The contractor had quoted Nu.250.00/m³ in BOQ for item of work 'Providing and laying Random Rubble Masonry with hard stone in foundation and plinth in cement mortar' but had claimed for Nu.2,500.00/m³ in the final bill with resultant excess payment. The lapses had occurred due to failure on the part of the site engineer including the accounts personnel to exercise due diligence. *AIN: 15428; Para: 1.2; Accountabilities: Direct: Tshewang Samdrup, AE, EID # 200311004; M/s Sangay Construction, Thimphu, CDB Registration # 2493, Trade License # 1018183; Supervisory Accountability Chhabi Lal Das, DE, EID # 8808036.*

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 10 Sept. 2021 in NA conference hall, Thimphu where RAA reported that the principal amount was recovered and is left with the 24% penal interest of Nu.8,353.61 only. However, contractor has requested RAA for the waiver of interest amount.*

It was decided that Dzongkhag Administration and RAA should convene a bilateral meeting to discuss and decide on the waiver of the interest amount based on the appeal of the contractor and submit the decision by 30 Sept. 2021.

This issue was deliberated in the 9th Follow up Committee Meeting of the RAA held on 6 Oct. 2021 and the committee decided to insist for the recovery of accumulated 24% p.a. penalty of Nu.8,353.61 as it is a case of payment made for non/short execution of work.

However, the penalty of Nu.8,353.61 remained unrecovered as of 31 March 2022.

3.4. PAYMENT MADE FOR SHORT EXECUTED WORKS AT SITE

The Dzongkhag Administration, Thimphu had made excess payment of Nu.0.049 million to the contractor for items of work short executed at site in the construction of Integrated Water Pipeline and Water Storage Tank in Jadingkha under Maedwong Gewog. The lapses had occurred due to improper verification of the bills by the site engineer with respect to the actual quantity of work executed at site. *AIN: 15428; Para: 2.3; Accountabilities: Direct: Tshewang Samdrup, AE, EID # 200311004, M/s Pindrup Construction, Thimphu, CDB Registration # 7180, Trade License #3008129; Supervisory: Chhabi Lal Das, DE, EID # 8808036.*

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 10 Sept. 2021 in NA conference hall, Thimphu where RAA reported that the principal amount was recovered and is left with 24% penal interest of Nu.5,600.19 only. However, contractor has requested RAA for the waiver of interest amount.*

It was decided that Dzongkhag Administration and RAA should convene a bilateral meeting to discuss and decide on the waiver of the interest amount based on the appeal of the contractor and submit the decision by 30 Sept. 2021.

This issue was deliberated in the 9th Follow up Committee Meeting of the RAA held on 6 Oct. 2021 and the committee decided to insist for the recovery of accumulated 24% p.a. penalty of Nu.5,600.19 as it is a case of payment made for non/short execution of work.

However, the penalty of Nu.5,600.19 remained unrecovered as of 31 March 2022.

1.3.2.14 DZONGKHAG ADMINISTRATION, TRASHIGANG

During the year, the RAA conducted seven audits of the Dzongkhag Administration, Trashigang. There

were 33 observations amounting to Nu.31.630 million of which seven observations amounting to Nu.0.847 million were either resolved prior to the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.30.783 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Dzongkhag Administration, observations amounting to Nu.4.790 million were resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.25.993 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Dzongkhag and out of the balance unsettled irregularities of Nu. 24.852 million reported to the Parliament in October 2021, Nu.0.664 million was settled leaving a balance of Nu.24.188 million as on 31 March 2022 as shown in the table below.

SL No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
1	Fraud, Corruption and Embezzlement	-	-	-	-
2	Non-compliance of Laws & Rules	0.473	0.473	-	100
3	Shortfalls, Lapses and Deficiencies	24.379	0.191	24.188	0.78
	Total	24.852	0.664	24.188	2.67

The details of unsettled irregularities reported to the Parliament in October 2021, irregularities resolved thereafter and the balances as on 31 March 2022 are as discussed below:

1. Fraud, Corruption and Embezzlement

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

1.1. ILLEGAL CONSTRUCTION OF TEMPORARY STRUCTURE IN THE GOVERNMENT LAND WITHIN THE EXTENDED MUNICIPAL AREA

The Dzongkhag Administration, Trashigang had failed to prevent/take actions against three individuals from encroaching and occupying state owned land below the Royal Court of Justice, Trashigang. Illegal temporary structures were found constructed on government land within the extended municipal area in contravention to the Land Rules and Regulations 2007. Two individuals were found to have occupied the area for six and ten years respectively. Another individual had occupied the area for three years and was found to be renting out the structure to tenants.

The Land Record Officer and the Dzongkhag Administration were unaware of such illegal occupation of land by individuals. The lapses had occurred apparently due to failure on the part of Land Record Section and Municipal Office to conduct regular inspection of the illegal activities undertaken within the Municipal area. *AIN: 15438; Para: 8; Accountabilities: Direct: Sangay Zam, LRO, EID # 20140103351; Pema Dechen, Municipal Engineer, EID # 200501167; Supervisory: Chekey Gyeltshen, Dzongdag, EID # 8901034.*

Status: *Observation not settled. The issue was deliberated during the PAC consultative meeting held on 2 Aug. 2021 in the DYT hall of the Trashigang Dzongkhag and Dzongkhag Adm. reported that the illegal structures have been demolished and the report of the same will be communicated to RAA soon. The RAA stated that since this issue is categorized under Fraud and Corruption, the Dzongkhag Adm. has to take some administrative action also against the accountable person in accordance with*

the provision of the BCSRR. The issue can be dropped upon receipt of the Action Taken Report.

The observation remained unsettled as the Dzongkhag did not submit the administrative action taken report against the accountable officials as of 31 March 2022.

2. Non-compliance to Laws and Rules

There were cases of non-compliance to laws and rules involving Nu.0.473 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
2.2	Acceptance of sub-standard works	0.381	0.381	-
2.3	Non-declaration of asset on time and penalty liable thereof	0.092	0.092	-
2.4.1	Deferral of contract work beyond maximum period covered by liquidated damages and applicable liquidated damages thereof	-	-	Unsettled
2.4.2	Delay in execution of contract work and applicable liquidated damages	-	-	Unsettled
2.4.3	Delay in execution of work and applicable liquidated damages thereof	-	-	Unsettled
Total		0.473	0.473	-

2.1. ACCEPTANCE OF SUB-STANDARD WORKS – NU.0.381 MILLION

The Dzongkhag Administration, Trashigang had accepted sub-standard works worth Nu.0.381 million executed in the construction of approach road, compound fencing, gate, water supply including reservoir, intake and supply outlets for BHU Grade-II at Merag. The defective works were not found rectified at the time of audit in November 2017. *AIN: 15438; Para: 12.2; Accountabilities: Direct: Binu Bishwa Karma, Engineer, EID # 200901083; M/s Sonam KD Construction, CDB # 6203; Supervisory: Lekjay, District Engineer, EID # 9607034.*

Status: *Observation has been settled vide review report No. RAA/OAAG-SJ(AR-193)Dz-Trashigan/2021/1175 dated 21/10/2021 as the sub-standard works have been reported rectified vide letter No. GA/Merak (03)/2017-2018/7659 dated 10/06/2018.*

2.2. NON-DECLARATION OF ASSET ON TIME AND PENALTY LIABLE THEREOF - NU.0.183 MILLION

The officials of the Dzongkhag Administration, Trashigang covered under schedule I & II of the Asset Declaration Rule 2017 had failed to declare their assets on time for the calendar year ended 31 December 2016. The HR Section had also failed to take actions against late and non-declarant officials. As of 31 March 2109, amount of Nu.0.138 million has been recovered/adjusted leaving a balance of Nu.0.183 million. *AIN: 15438; Para: 6; Accountabilities: Direct: Singye Dorji, Human Resource Officer, EID No. 20160106454; Refer Accountability List in audit report; Supervisory: Pema Dorji, Dzongrab, EID No. 9607074.*

Status: *Observation has been settled as the amount has been fully recovered.*

2.3. NON-LEVY OF LIQUIDATED DAMAGES

2.4.1 DELAY IN EXECUTION OF CONTRACT WORK AND APPLICABLE LIQUIDATED DAMAGES

The Dzongkhag Administration, Trashigang had not enforced provisions of the General Conditions of Contract against M/s Zang Chong Construction, Zhemgang for delays and non-completion of work in the relocation of BHU Grade-II at Merag. The contract had commenced from 18 December 2015 and was scheduled to complete on 18 June 2017, but the works were found delayed by 286 days at the time of audit in March 2018. The contractor was liable for the maximum amount of liquidated damages which is 10% of the final contract price. Further, the site engineer had not maintained any hindrances report or record for the said work.

The lapses had occurred due to failure on the part of Tender Committee to initiate timely action against the contractor for non-completion of works despite extension of time beyond the maximum period covered by the provision of liquidated damages. *AIN: 15438; Para: 1.4; Accountabilities: Direct: Binu Bishwa Karma, Engineer, EID # 200901083; M/s Zang Chong construction (CDB # 7644); Supervisory: Lekjay, District Engineer, EID # 9607034.*

Status: *Observation not settled. The issue was deliberated during the PAC consultative meeting held on 2 Aug. 2021 in the DYT hall of the Trashigang Dzongkhag and Dzongkhag Adm. reported that this issue was being prosecuted by the Office of the Attorney General and is sub judice in Dzongkhag Court, Trashigang. The PAC advised the Dzongkhag to inform about the progress of the case to RAA by 31 Aug. 2021.*

However, as no further developments against the case was not reported by the Dzongkhag as of 31 March 2022 so the issue remained unresolved.

2.4.2 DELAY IN EXECUTION OF CONTRACT WORK AND APPLICABLE LIQUIDATED DAMAGES

The Dzongkhag Administration, Trashigang had not enforced provisions of the General Conditions of Contract against M/s Dechen Construction, Sarpang for delays and non-completion of work in the construction of 96 bedded Girl's hostel at Bidung LSS. The contract was awarded on 30 November 2015 and was scheduled to complete on 16 April 2017, but the works were found delayed by 349 days at the time of audit in March 2018. The contractor was liable for the maximum amount of liquidated damages which is 10% of the final contract price. Further, the site Engineer had not maintained any hindrances report or record for the said work.

The lapses had occurred due to failure on the part of Tender Committee to initiate timely action against the contractor for not able to complete the work despite extension of time beyond the maximum period covered by the liquidated damages. *AIN: 15438; Para: 2.4; Accountabilities: Direct: Dorji Wangchuk, Engineer, EID #200501818; M/S Dechen Construction, CDB 1899; Supervisory: Lekjay, District Engineer, EID #9607034.*

Status: *Observation not settled. The issue was deliberated during the PAC consultative meeting held on 2 Aug. 2021 in the DYT hall of the Trashigang Dzongkhag and Dzongkhag Adm. reported that this issue was being prosecuted by the Office of the Attorney General and is sub judice in Dzongkhag Court, Trashigang. The PAC advised the Dzongkhag to inform about the progress of the case to RAA by 31 Aug. 2021.*

However, as no further developments against the case was not reported by the Dzongkhag as of 31 March 2022 so the issue remained unresolved.

2.4.3 DELAY IN EXECUTION OF WORK AND APPLICABLE LIQUIDATED DAMAGES THEREOF

The Dzongkhag Administration, Trashigang had not enforced provisions of the General Conditions of Contract against M/s Dechen Construction, Sarpang for delays and non-completion of work in the construction of two-block 96-bedded hostels for boys and girls at Duntse Central School under Phongme Gewog. The contract was awarded on 18 December 2015 and was scheduled to complete on 18 June 2017, but the works were found delayed by 286 days at the time of audit in March 2018. The contractor was liable for the maximum amount of liquidated damages which is 10% of the final contract price. Further, the site Engineer had not maintained any hindrances report or record for the said work.

The lapses had occurred due to failure on the part of Tender Committee to initiate timely action against the contractor for not able to complete the work despite extension of time beyond the maximum period covered by the liquidated damages. *AIN: 15438; Para: 3.3; Accountabilities: Direct: Norbu Wangdi, Engineer, EID # 201001735; M/s Dechen Construction, CDB # 1899; Supervisory: Lekjay, District Engineer, EID # 9607034.*

Status: *Observation not settled. The issue was deliberated during the PAC consultative meeting held on 2 Aug. 2021 in the DYT hall of the Trashigang Dzongkhag and Dzongkhag Adm. reported that this issue was being prosecuted by the Office of the Attorney General and is sub judice in Dzongkhag Court, Trashigang. The PAC advised the Dzongkhag to inform about the progress of the case to RAA by 31 Aug. 2021.*

However, as no further developments against the case was not reported by the Dzongkhag as of 31 March 2022 so the issue remained unresolved.

3. Shortfalls, Lapses and Deficiencies - Nu.24.187 million

There were cases of shortfalls, lapses and deficiencies involving Nu.24.378 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
3.1	Payment of excessive running account bills resulted into over payment	6.177	-	6.177
3.2	Sanction of payment more than actual value of work done value had resulted in excess payment	3.669	-	3.669
3.3	Irregular sanction of PW advance to the contractor and non-realisation	3.500	-	3.500
3.5	Non-deduction of rebate from the RA Bills	5.980	-	5.980
3.6	Release of 1 st RA Bill for works not executed	2.707	-	2.707
3.7	Excessive release of running account bills resulted in overpayment	2.154	-	2.154
3.8	Inadmissible payment of TA/DA to the field enumerators	0.191	0.191	
	Total	24.378	0.191	24.187

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

3.1. PAYMENT OF EXCESSIVE RUNNING ACCOUNT BILLS RESULTED INTO OVER PAYMENT - NU.6.177 MILLION

The Dzongkhag Administration, Trashigang had made overpayment of Nu.6.177 million to M/s Dechen

Construction, Sarpang in the construction of 2 block 96 bedded hostels for boys & girls at Duntse Central School under Phongme Gewog due to payment of excessive Running Account Bills. The total payment released to the contractor was Nu.20.303 million and the value of actual work done amounted to Nu.14.125 million at the time of audit in March 2018.

The lapses had occurred due to failure on the part of the concerned site engineer and supervising engineer to ensure proper verification of contractor's bills and measurements at site prior to certifying the bills for payment indicating lack of internal controls. *AIN: 15438; Para: 3.1; Accountabilities: Direct: Norbu Wangdi, Engineer, EID # 201001735; M/s Dechen Construction, CDB # 1899; Supervisory: Lekjay, District Engineer, EID # 9607034.*

Status: *Observation not settled. The issue was deliberated during the PAC consultative meeting held on 2 Aug. 2021 in the DYT hall of the Trashigang Dzongkhag and Dzongkhag Adm. reported that this issue was being prosecuted by the Office of the Attorney General and is sub judice in Dzongkhag Court, Trashigang. The PAC advised the Dzongkhag to inform about the progress of the case to RAA by 31 Aug. 2021.*

However, as no further developments against the case was not reported by the Dzongkhag as of 31 March 2022 so the issue remained unresolved.

3.2. EXCESS PAYMENT DUE TO WORKS LESS EXECUTED - NU.3.669 MILLION

The Dzongkhag Administration, Trashigang had made excess payment of Nu.3.669 million to M/s Dechen Construction, Sarpang in the construction of 96-bedded Girl's hostel at Bidung LSS for works less executed. Against the total work valuing Nu.7.298 million, payment of Nu.10.967 million was made to the contractor. The work was incomplete at the time of audit in March 2018.

The lapses had occurred due to failure on the part of the concerned site engineer and supervising engineer to ensure proper verification of contractor's bills and measurements at site prior to certifying the bills for payment indicating lack of internal controls. *AIN: 15438; Para: 2.1; Accountabilities: Direct: Dorji Wangchuk, Engineer, EID # 200501818; M/S Dechen Construction, CDB # 1899; Supervisory: Lekjay, District Engineer, EID # 9607034.*

Status: *Observation not settled. The issue was deliberated during the PAC consultative meeting held on 2 Aug. 2021 in the DYT hall of the Trashigang Dzongkhag and Dzongkhag Adm. reported that this issue was being prosecuted by the Office of the Attorney General and is sub judice in Dzongkhag Court, Trashigang. The PAC advised the Dzongkhag to inform about the progress of the case to RAA by 31 Aug. 2021.*

However, as no further developments against the case was not reported by the Dzongkhag as of 31 March 2022 so the issue remained unresolved.

3.3. IRREGULAR SANCTION AND NON-REALISATION OF PW ADVANCE - NU.3.500 MILLION

The Dzongkhag Administration, Trashigang had sanctioned irregular PW Advances amounting to Nu.3.500 million to M/s Dechen Construction, Sarpang in the construction of 96-bedded Girl's hostel at Bidung LSS.

An advance of Nu.3.500 million was sanctioned by three-member committee comprising of Dzongrab, Dzongkhag Engineer and Accounts Officer on 22 July 2016 soon after the payment of 2nd RA bill of Nu.1.982 million on 21 July 2016. The Accounts Section had failed to deduct the advances from the subsequent RA bill which remained unrecovered as of date of audit. The lapses had occurred apparently due to non-compliance to prevailing rules. *AIN: 15438; Para: 2.2; Accountabilities: Direct: Pema Dorji, Dzongrab, EID # 9607074; Lekjay, District Engineer, EID # 9607034; Jigme, Finance Officer, EID # 20140103313; M/s Dechen Construction, CDB # 1899; Supervisory: Pema Dorji, Dzongrab, EID*

9607074; Lekjay, District Engineer, EID # 9607034; Jigme, Finance Officer, EID # 20140103313.

Status: Observation not settled. The issue was deliberated during the PAC consultative meeting held on 2 Aug. 2021 in the DYT hall of the Trashigang Dzongkhag and Dzongkhag Adm. reported that this issue was being prosecuted by the Office of the Attorney General and is sub judice in Dzongkhag Court, Trashigang. The PAC advised the Dzongkhag to inform about the progress of the case to RAA by 31 Aug. 2021.

However, as no further developments against the case was not reported by the Dzongkhag as of 31 March 2022 the issue remained unresolved.

3.5. NON-DEDUCTION OF REBATES – NU.5.980 MILLION

- a) The Dzongkhag Administration, Trashigang had not deducted rebate of Nu.2.883 million offered by the contractor. M/s Dechen Construction, Sarpang had offered a lump-sum rebate of Nu.4.419 million on the quoted value of Nu.31.118 million in the construction of 2-block 96-bedded hostels for boys and girls at Duntse Central School under Phongme Gewog. The lapses had occurred due to failure on the part of the engineering cell to exercise due diligence that resulted into non-deduction of rebate from the RA bills. *AIN: 15438; Para: 3.2; Accountabilities: Direct: Norbu Wangdi, Engineer, EID # 201001735; M/s Dechen Construction, CDB # 1899; Supervisory: Lekjay, District Engineer, EID # 9607034.*

Status: Observation not settled. The issue was deliberated during the PAC consultative meeting held on 2 Aug. 2021 in the DYT hall of the Trashigang Dzongkhag and Dzongkhag Adm. reported that this issue was being prosecuted by the Office of the Attorney General and is sub judice in Dzongkhag Court, Trashigang. The PAC advised the Dzongkhag to inform about the progress of the case to RAA by 31 Aug. 2021.

However, as no further developments against the case was not reported by the Dzongkhag as of 31 March 2022 the issue remained unresolved.

- b) The Dzongkhag Administration, Trashigang had not deducted rebates of Nu.1.297 million offered by the contractor, M/s Dechen Construction, Sarpang in the construction of 96- bedded Girl's hostel at Bidung LSS. The lapses had occurred due to lack of due diligence on the part of the concerned site engineer and Accounts Section to deduct rebate from the RA bills. *AIN: 15438; Para: 2.3; Accountabilities: Direct: Dorji Wangchuk, Engineer, EID # 200501818; M/s Dechen Construction, CDB 1899; Supervisory: Lekjay, District Engineer, EID # 9607034.*

Status: Observation not settled. The issue was deliberated during the PAC consultative meeting held on 2 Aug. 2021 in the DYT hall of the Trashigang Dzongkhag and Dzongkhag Adm. reported that this issue was being prosecuted by the Office of the Attorney General and is sub judice in Dzongkhag Court, Trashigang. The PAC advised the Dzongkhag to inform about the progress of the case to RAA by 31 Aug. 2021.

However, as no further developments against the case was not reported by the Dzongkhag as of 31 March 2022 the issue remained unresolved.

- c) Similarly, the Dzongkhag Administration, Trashigang had not deducted rebates of Nu.1.800 million offered by the contractor, M/s Zang Chong Construction. The lapses had occurred due to lack of due diligence on the part of the concerned site engineer and Accounts Section to deduct rebate from the RA bills. *AIN: 15438; Para: 1.3; Accountabilities: Direct: Binu Bishwa Karma, Engineer, EID # 200901083; M/S Zang Chong construction (CDB # 7644); Supervisory: Lekjay, District Engineer, EID # 9607034.*

Status: Observation not settled. The issue was deliberated during the PAC consultative meeting held on 2 Aug. 2021 in the DYT hall of the Trashigang Dzongkhag and Dzongkhag Adm. reported that this

issue was being prosecuted by the Office of the Attorney General and is sub judice in Dzongkhag Court, Trashigang. The PAC advised the Dzongkhag to inform about the progress of the case to RAA by 31 Aug. 2021.

However, as no further developments against the case was not reported by the Dzongkhag as of 31 March 2022 the issue remained unresolved.

3.6. RELEASE OF 1ST RA BILL FOR WORKS NOT EXECUTED - NU.2.707 MILLION

The Dzongkhag Administration, Trashigang had made payment of Nu.2.707 million to M/s Zang Chong Construction, Zhemgang on account of 1st RA bill in the construction of BHU Grade-II, 3- unit staff quarter and kitchen-cum-toilet at Merag Gewog. The contract was awarded on 8 December 2015 and work scheduled to commence on 18 December 2015. However, the 1st RA bill was found submitted by the contractor on 24 December 2015, less than a week after actual commencement of work. The RA bill was found to have been fabricated as the works had barely started and yet the 1st RA bill claimed amounted to Nu.2.707 million for completed Main BHU block till roof band level; completed one panel retaining wall; and completed sub-structure works for 3-unit staff quarters and kitchen-cum-toilet till plinth level.

Despite of several levels of controls, the payments were found made to the contractor indicating extension of undue financial favour to the contractor. *AIN: 15438; Para: 1.1; Accountabilities: Direct: Sherub Singye, Officiating DE, EID # 200307037; Jigme, Finance Officer, EID # 20140103313; Binu Bishwa Karma, Engineer, EID # 200901083; M/s Zang Chong Construction, CDB # 7644; Supervisory: Pema Dorji, Dzongrab, EID # 9607074.*

Status: *Observation not settled. The issue was deliberated during the PAC consultative meeting held on 2 Aug. 2021 in the DYT hall of the Trashigang Dzongkhag and Dzongkhag Adm. reported that this issue was being prosecuted by the Office of the Attorney General and is sub judice in Dzongkhag Court, Trashigang. The PAC advised the Dzongkhag to inform about the progress of the case to RAA by 31 Aug. 2021.*

However, as no further developments against the case was not reported by the Dzongkhag as of 31 March 2022 the issue remained unresolved.

3.7. EXCESSIVE RELEASE OF RUNNING ACCOUNT BILLS RESULTED IN OVERPAYMENT - NU.2.154 MILLION

The Dzongkhag Administration, Trashigang had made over payment of Nu.2.154 million to M/s Zang Chong Construction, Zhemgang in the construction of BHU Grade-II, 3-unit staff quarter and kitchen-cum-toilet at Merag Gewog due to payment of RA bills without verifying the quantities of actual work done. Against the total work done of Nu.5.158 million, payment of Nu.7.312 million was made to the contractor with resultant overpayment. The work progress based on the BoQ was only 72.43% as against the gross financial disbursement of 102.69%. The work progress remained static and subsequently the contractor was terminated.

The excess payment had occurred apparently due to negligence on the part of concerned site engineer to properly verify and authenticate the physical work progress at site and admissibility of contractor's claims. The Dzongkhag Administration had failed to initiate timely action against the contractor as per the terms and conditions of the contract when the work was delayed beyond maximum period covered by liquidated damages. *AIN: 15438; Para: 1.2; Accountabilities: Direct: Binu Bishwa Karma, Site Engineer, EID # 200901083; M/s Zang Chong Construction (CDB # 7644); Supervisory: Lekjay, District Engineer, EID # 9607034.*

Status: *Observation not settled. The issue was deliberated during the PAC consultative meeting held on 2*

Aug. 2021 in the DYT hall of the Trashigang Dzongkhag and Dzongkhag Adm. reported that this issue was being prosecuted by the Office of the Attorney General and is sub judice in Dzongkhag Court, Trashigang. The PAC advised the Dzongkhag to inform about the progress of the case to RAA by 31 Aug. 2021.

However, as no further developments against the case was not reported by the Dzongkhag as of 31 March 2022 the issue remained unresolved.

3.8. INADMISSIBLE PAYMENT OF TA/DA TO THE FIELD ENUMERATORS - NU.0.282 MILLION

The Dzongkhag Administration, Trashigang had made inadmissible payment of Nu.1.620 million to officials on account of travel allowances during the NPHC 2017. The field enumerators and supervisors had claimed the daily allowances beyond the admissible number of days and within 10 KM radius in contravention to the BCSR. The controlling officers and the Accounts personnel had failed to exercise necessary checks and certify the claims as per the prevailing rules. The inadmissible payment of travel allowances had occurred apparently due to negligence on the part of the Accounts Section and the respective controlling officials to cross verify the claims with the distance covered leading to drain of substantial amount from government resources. As of 31 March 2019, recovery amounting to Nu.1.375 million was made, leaving a balance of Nu.0.282 million. *AIN: 15438; Para: 9.1; Accountabilities: Direct:: Dorji Rinchen, Census Officer, EID # 200901032; Refer Accountability List in audit report; Supervisory: Dorji Rinchen, Census Officer, EID # 200901032.*

Status: *Observation has been settled as the balance amount of Nu.0.191 million reported earlier also reported fully recovered.*

1.3.2.15 DZONGKHAG ADMINISTRATION, TRASHIYANGTSE

During the year, the RAA conducted two audits of the Dzongkhag Administration, Trashiyangtse. There were 16 observations amounting to Nu.12.588 million of which seven observations amounting to Nu.6.323 million were either resolved prior to the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.6.265 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Dzongkhag Administration, observations amounting to Nu.5.350 million were resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.0.915 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Dzongkhag and the total amount of irregularities reported to the Parliament were settled, however, one observation under non-compliance of laws and rules remained unresolved as on 31 March 2022 as narrated below.

SL No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
1	Non-compliance of Laws & Rules	-	-	-	-
	Total	-	-	-	-

The details of unsettled irregularity reported to the Parliament which remained unsettled as on 31 March 2022 is as discussed below:

1. Non-compliance to Laws and Rules

1.1.2 DELAY IN THE COMPLETION OF INTERNAL WATER SUPPLY PIPELINE AT DOKSUM TOWN LIABLE FOR LIQUIDATED DAMAGES

The construction of Internal Water supply Pipeline for new township at Doksum, under Khamdang Gewog awarded to M/s Dawa Zangpo at a contract amount of Nu.12.175 million was not completed on the stipulated contract period date i.e. 30/08/2017. The contractor was liable for liquidated damages as per SCC. *AIN: 15244; Para: 3.2; Accountabilities: Direct: Ugyen Zangmo, AE, EID # 200507220; Supervisory: Tshering Wangchuk, DE, EID # 9307023.*

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 3 Aug.2021 in the DYT hall of Trashigang Dzongkhag and the Dzongkhag Adm. reported that LD was imposed on the contractor for the works delayed. However, the project couldn't be completed by the contractor and the contract was cancelled. Further, legal action was initiated against the contractor and was directed to pay liquidity damages and other penalties. The defaulter has agreed to pay the penalties.*

The RAA stated that if due process of termination of the contract and legal process was followed the issue can be resolved based on the court verdict. However, the Dzongkhag should furnish such documents to RAA for review and appropriate decision.

The PAC advised the Dzongkhag Adm. to submit all the relevant documents pertaining this issue to RAA by 31 Aug. 2021 for review and appropriate decision.

However, it is informed that the Dzongkhag Tender Committee, Trashiyangtse has given two years duration to settle the case as per the committee's resolution dated 7 July 2021. As such the case remained unresolved as of 31 March 2022.

1.3.2.16 DZONGKHAG ADMINISTRATION, TRONGSA

During the year, the RAA conducted one audit of the Dzongkhag Administration, Trongsa. There were 57 observations amounting to Nu.19.364 million of which 18 observations amounting to Nu.1.215 million were either resolved prior to the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.18.149 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Dzongkhag Administration, observations amounting to Nu.8.450 million were resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.9.699 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Dzongkhag and out of the balance unsettled irregularities of Nu. 5.792 million reported to the Parliament in October 2021, Nu. 0.210 million were settled leaving a balance of Nu. 5.582 million as on 31 March 2022 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021(Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
1	Non-compliance of Laws & Rules	3.900	0.046	3.854	1.18
2	Shortfalls, Lapses and Deficiencies	1.892	0.164	1.728	8.67
	Total	5.792	0.210	5.582	3.63

The details of unsettled irregularities reported to the Parliament in October 2021, the irregularities settled thereafter and the unsettled ones as on 31 March 2022 are as discussed below:

1. Non-compliance to Laws and Rules - Nu.3.854 million

There were cases of non-compliance to laws and rules involving Nu.3.900 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
1.1	Un-reconciled differences in the non-revenue deposit account	-	-	Unsettled
1.2	Non-recovery of 20% on value of work not completed after termination of contract	1.642	-	1.642
1.3	Non-forfeiture of 10% Performance Security	1.150	-	1.150
1.4	Payment of refundable deposit without obtaining refundable release	0.683	-	0.683
1.5	Non-recovery of 10% on value of work not completed after termination of contract	0.167	-	0.167
1.6	Non-forfeiture of 10% Performance Security	0.167	-	0.167
1.7	Non/late annual declaration of asset invite levy of penalty	0.091	0.046	0.045
1.10	Acceptance of defective works	-	-	Settled
	Total	3.900	0.046	3.854

The cases of non-compliance to laws and rules are as indicated below:

1.1 UN-RECONCILED DIFFERENCES IN THE NON-REVENUE DEPOSIT ACCOUNT

The Dzongkhag Administration, Trongsa had un-reconciled differences in the non-revenue deposits account amounting to Nu.4.290 million for the financial year 2016-2017. Against the receipts of Nu.53.049 million from various agencies on account of Deposit Works during the year, the Dzongkhag Administration had deposited Nu.57.338 million resulting into excess deposit of Nu.4.290 million into Non-Revenue Account.

Similarly, against the deposit of Nu.57.338 million during the year, the Dzongkhag had obtained Non-revenue Releases of Nu.55.722 million. From the Non-Revenue Releases of Nu.55.722 million obtained from the Department of Public Accounts (DPA), Nu.57.126 million were found paid to various parties with resultant excess payment of Nu.1.404 million to parties without obtaining equivalent release from the DPA. *AIN: 15528; Para: 43.1 & 43.2; Accountabilities: Direct: Tshering Dawa, Accountant, EID # 2014204880; Supervisory: Sangay Chojay, Accounts Officer, EID # 20160106472.*

Status: Observation not settled. The issue was deliberated during the PAC consultative meeting held on 5 Aug. 2021 in the DYT Hall of the Trongsa Dzongkhag where the Dzongkhag expressed that the unreconciled difference is a system generated difference and not the case of misuse. The Dzongkhag agreed to reconcile the difference in accordance with the MoF circular No.DPA/ePEMS-01/2021-2022/17 dated 5 July 2021 where directives are given for resolving such differences with the system. PAC directed the Dzongkhag to submit a reconciliation report on or before 31 Aug. 2021 to the RAA for settling the issue.

However, the observation remained unresolved as the RAA did not receive any action taken report as of 31 March 2022.

1.2 NON-RECOVERY OF 20% ON VALUE OF WORK NOT COMPLETED AFTER TERMINATION OF CONTRACT - NU.1.642 MILLION

The Dzongkhag Administration, Trongsa had not recovered Nu.1.642 million from M/s Ringdol Construction, Thimphu upon termination of contract for the construction of four-unit staff quarter, main BHU building-cum-toilet for Dangdung BHU-I. The amount was recoverable as 20% on value of work not completed at the time of termination of contract as per the Clause No. 6.3.7.2 of the PRR 2009⁹. *AIN: 15528; Para: 16.1; Accountabilities: Direct: Phuntsho Ghallay, Site Engineer, EID # 20140103513; M/s Tenzin Wangchuk Construction, CDB No.3816; Supervisory: Dorji Gyeltshen, DE, EID # 9707034.*

⁹ "The method of payment upon termination shall be prescribed in the contract. The percentage to be applied to the value of work not completed at the time of termination shall usually be twenty (20%) percent subject to a maximum limit of ten (10%) percent of the initial Contract Price".

Status: Observation not settled. The issue was deliberated during the PAC consultative meeting held on 5 Aug. 2021 in the DYT Hall of the Trongsa Dzongkhag where the Dzongkhag reported that the issue was taken up for arbitration and the arbitral award was passed in favor of the Dzongkhag. The contractor then appealed before the High Court and the same decision was upheld. However, due to lack of legal officer the judgment passed by the court couldn't be enforced. PAC advised the Dzongkhag Administration to follow up for enforcement of the judgment passed and report to the RAA.

However, the observation remained unresolved as the said amount was not recovered as of 31 March 2022.

1.3. NON-FORFEITURE OF 10% PERFORMANCE SECURITY - NU.1.150 MILLION

The Dzongkhag Administration, Trongsa had not recovered Nu.1.150 million from M/s Ringdol Construction, Thimphu upon termination of contract for the construction of four-unit staff quarter, main BHU building-cum-toilet for Dangdung BHU-I. The amount was recoverable as forfeiture of 10% Performance Security at the time of termination of contract as per the Clause no. 17.2 of the Standard Bidding Document¹⁰. The case is sub-judice. *AIN: 15528; Para: 16.1 & 16.2; Accountabilities: Direct: Phuntsho Ghallay, Site Engineer, EID # 20140103513; M/s Tenzin Wangchuk Construction, CDB No.3816; Supervisory: Dorji Gyeltshen, DE, EID # 9707034.*

Status: Observation not settled. The issue was deliberated during the PAC consultative meeting held on 5 Aug. 2021 in the DYT Hall of the Trongsa Dzongkhag where the Dzongkhag reported that the issue was taken up for arbitration and the arbitral award was passed in favor of the Dzongkhag. The contractor then appealed before the High Court and the same decision was upheld. However, due to lack of legal officer the judgment passed by the court couldn't be enforced. PAC advised the Dzongkhag Administration to follow up for enforcement of the judgment passed and report to the RAA.

However, the observation remained unresolved as the said amount was not recovered as of 31 March 2022.

1.4. PAYMENT OF REFUNDABLE DEPOSIT WITHOUT OBTAINING REFUNDABLE RELEASE - NU.0.683 MILLION

The Dzongkhag Administration, Trongsa had made payment of Nu.0.683 million to parties on account of refund of Refundable Deposits without obtaining equivalent release from the DPA, MoF. Further, the Dzongkhag Administration had not reconciled the deposit and payments in the Refundable Deposit Account on a regular basis and had not maintained proper records of transactions pertaining to this particular account. *AIN: 15528; Para: 42; Accountabilities: Direct: Tshering Dawa, Accountant, EID # 2014204880; Supervisory: Sangay Chojay, Accounts Officer, EID # 20160106472.*

Status: *Observation not settled. The issue was deliberated during the PAC consultative meeting held on 5 Aug. 2021 in the DYT Hall of the Trongsa Dzongkhag where the Dzongkhag expressed that the unreconciled difference is a system generated difference. The Dzongkhag agreed to reconcile the difference in accordance with the MoF circular No.DPA/ePEMS-01/2021-2022/17 dated 5 July 2021 where directives are given for resolving such differences with the system. PAC directed the Dzongkhag to submit a reconciliation report on or before 31 Aug. 2021 to the RAA for settling the issue.*
However, the observation remained unresolved as the RAA did not receive any further response as of 31 March 2022.

1.5. NON-RECOVERY OF 10% ON VALUE OF WORK NOT COMPLETED AFTER TERMINATION OF CONTRACT - NU.0.167 MILLION

The Dzongkhag Administration, Trongsa had awarded the construction of farm road from Gamji to Zhiling Gonpa to M/s Jordan Construction, Trongsa. The work was scheduled from 5 February 2016 to 5 April 2017. However, the contractor had not started the work despite serving numerous reminders and warning letters by the Dzongkhag Tender Committee (DTC). Subsequently, the contract was terminated on 25 October 2017 as per the General Conditions of Contract without recovering the amount of Nu.0.167 million on account of 10% on value of work not completed liable as per the Clause no. 6.3.7.2 of the PRR 2009¹¹. *AIN: 15528; Para: 15.1; Accountabilities: Direct: Phuntsho Ghallay, Site Engineer, EID # 20140103513; M/s Jordan Construction, CDB No.3221; Supervisory: Tobgay, DE, EID # 201101170.*

Status: *Observation not settled. The issue was deliberated during the PAC consultative meeting held on 5 Aug. 2021 in the DYT Hall of the Trongsa Dzongkhag where the Dzongkhag reported that amount could not be recovered from the contractor. The PAC directed the Dzongkhag to take a legal recourse under intimation to the RAA.*
However, as no action taken report was received by the RAA from the Dzongkhag the observation remained unsettled as of 31 March 2022.

1.6. NON-FORFEITURE OF 10% PERFORMANCE SECURITY - NU.0.167 MILLION

The Dzongkhag Administration, Trongsa had not forfeited Nu.0.167 million from M/s Jordan Construction, Trongsa upon termination of contract for the construction of farm road from Gamji to Zhiling Gonpa. The amount was recoverable as forfeiture of 10% Performance Security at the time of termination of contract as per the Clause no. 17.2 of the Standard Bidding Document¹². *AIN: 15528; Para: 15.2; Accountabilities: Direct: Phuntsho Ghallay, Site Engineer, EID # 20140103513; M/s Jordan Construction, CDB No.3221; Supervisory: Tobgay, DE, EID # 201101170.*

Status: *Observation not settled. The issue was deliberated during the PAC consultative meeting held on 5*

Aug. 2021 in the DYT Hall of the Trongsa Dzongkhag where the Dzongkhag reported that amount could not be recovered from the contractor. The PAC directed the Dzongkhag to take a legal recourse under intimation to the RAA.

However, the observation remained unresolved as no action taken report was received by the RAA from the Dzongkhag as of 31 March 2022.

¹⁰ "If the Contractor fails to commence the works within the above stated period, the Employer may, at his sole discretion, terminate the Contract and forfeit the Performance Security".

¹¹ "The method of payment upon termination shall be prescribed in the contract. The percentage to be applied to the value of work not completed at the time of termination shall usually be twenty (20%) percent subject to a maximum limit of ten (10%) percent of the initial Contract Price".

¹² "If the Contractor fails to commence the works within the above stated period, the Employer may, at his sole discretion, terminate the Contract and forfeit the Performance Security"

1.7 NON/LATE ANNUAL DECLARATION OF ASSET INVITE LEVY OF PENALTY - NU.0.091 MILLION

The Dzongkhag Administration, Trongsa had not levied penalty amounting to Nu.0.137 million on officials who had failed to declare their assets for 2014 with the ACC. As of 31 March 2019, recovery amounting to Nu.0.046 million was made leaving balance of Nu.0.091 million. *AIN: 15528; Para: 40; Accountabilities: Direct: Refer Accountability Statement in audit report; Supervisory: Refer Accountability Statement in audit report.*

Status: *Observation partly settled. The issue was deliberated during the PAC consultative meeting held on 5 Aug. 2021 in the DYT Hall of the Trongsa Dzongkhag where the Dzongkhag Administration reported that, from the total amount of penalty leviable, balance amount of Nu. 67,465/- each is yet to be deposited by Choni Dorji and Jigme Namgyal. The PAC directed the Dzongkhag Administration to put concerted effort to recover the amounts, if not take legal recourse for the recovery of the same.*

Subsequently out of the total penalty of Nu.0.091 million; Nu.0.046 million (Nu.45,625.00) was recovered vide R/No.02023 dated 17/08/2021 leaving a balance of Nu.0.045 million as of 31 March 2022.

1.10 ACCEPTANCE OF DEFECTIVE WORKS

a) The Dzongkhag Administration, Trongsa had accepted defective plinth protection works and internal partition walls in the construction of Dzongkhag Veterinary Hospital Office at Sherabling under Nubi Gewog. The contractor, M/s Blue Heaven Construction, Trongsa had not rectified the cracks that had developed at site in the plinth protection of the front side of the building and internal partition wall of the structure. The lapses had occurred apparently due to improper handing and taking over of completed works.

b) The Dzongkhag Administration, Trongsa had accepted defective roofing works in the construction of Dzongkhag Veterinary Hospital Office at Sherabling under Nubi Gewog. The RCC king post and side post for roof in the east side was found slightly bent with risk of collapsing posing danger to life and properties. The contractor, M/s Blue Heaven Construction, Trongsa had not rectified the defects. The lapses which had occurred due to inadequate supervision and monitoring at the time of execution and also failure on the part of the handing/taking over committee taking over the completed works. *AIN: 15528; Para: 9.3 & 9.4; Accountabilities: Direct: Phuntsho Ghalay, Site Engineer, EID # 20140103513; M/s Blue Heaven Construction, Contractor, CDB No.1174; Supervisory: Passang Dorji, DE, EID # 8201041.*

Status: *Observation settled as per the GTC rectification report submitted to the RAA on 24/09/2021 along with pictorial evidence which was endorsed by the committee based on the Minutes of Meeting held*

between RAA officials & Trongsa Dzongkhag vide letter No.NL dated 26/08/2021.

2 Shortfalls, Lapses and Deficiencies - Nu.1.728 million

There were cases of shortfalls, lapses and deficiencies involving Nu.1.892 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
2.2	Payment made for works not executed	0.973	-	0.973
2.7	Double payment of daily and travel allowances	0.037	0.024	0.013
2.8	Inadmissible payment of remuneration and other benefits for the days of Extra Ordinary Leave	0.184	-	0.184
2.9	Missing of items worth	0.209	-	0.209
2.11	Non-accountal of electrical items	0.156	-	0.156
2.12	Non-deduction of rebates and excess payment	0.139	-	0.139
2.14	Excess payment for works not executed	0.092	0.092	-
2.16	Payment made for item not provided at site in the construction of Vegetable Market Shed	0.054	-	0.054
2.18	Excess payment in the construction of RNR Staff Quarter at Bemjee	0.048	0.048	-
2.21	Non-recovery of the cost for TMT bars	-	-	Unsettled
	Total	1.892	0.164	1.728

2.2. PAYMENT MADE FOR WORKS NOT EXECUTED - NU.0.973 MILLION

The Dzongkhag Administration, Trongsa had made payment of Nu.0.973 million to M/s Tenzin Wangchuk Construction, Trongsa without actual execution of work at site in the construction of 4-unit staff quarters at Trongsa Hospital. The contractor was paid a total of Nu.1.500 million through RA bills as payment for the items of works up to cornices level, but items of work worth Nu.0.973 million was found not executed at site. The contract was also found delayed considerably.

The lapse had occurred apparently due to negligence on the part of the site engineer to properly verify the contractor's bills against the quantities of work executed at site. *AIN: 15528; Para: 17; Accountabilities: Direct: Phuntsho Ghallay, Site Engineer, EID # 20140103513; M/s Tenzin Wangchuk Construction, CDB # 3816; Supervisory: Dorji Gyeltshen, DE, EID # 9707034.*

Status: *Observation not settled. The issue was deliberated during the PAC consultative meeting held on 5 Aug. 2021 in the DYT Hall of the Trongsa Dzongkhag and the Dzongkhag Administration reported that the work was awarded to M/s Tenzin Wangchuk Construction, Trongsa. Material advance was paid to the contractor and the work was started. After payment of running bill of Nu. 15 Lakhs to the contractor the works were stopped. After that the contract was terminated and the work was awarded to another contractor and works has been completed.*

RAA requested the Dzongkhag Administration to submit the contract termination record, work completion documents and account settlement details. The PAC directed the Dzongkhag Administration to submit the report on or before 31 August 2021 to the RAA for review and settlement of the issue.

However, the observation remained unsettled as the RAA did not receive any further action taken report from the Dzongkhag as of 31 March 2022.

2.7 DOUBLE PAYMENT OF TA/DA - NU.0.013 MILLION

The Dzongkhag Administration, Trongsa had made double payment of Nu.0.224 million to officials on account of TA/DA. The officials had claimed TA/DA twice for the same travels. The lapses had occurred due to inadequate verification by respective sectors while passing the claims. As of 31 March 2019, recovery amounting to Nu.0.172 million was made leaving balance of Nu.0.052 million. *AIN: 15528; Para: 36; Accountabilities: Direct: Rinchen Dorji, JE, EID # 20130101888; Ugyen Chozom, Accountant, EID # 2107084; Supervisory: Yeshe Dorji, DE, EID # 9307017; Tshering Penjor, Finance Officer, EID # 200507266.*

Status: *Observation partially settled. The issue was deliberated during the PAC consultative meeting held on 5 Aug. 2021 in the DYT Hall of the Trongsa Dzongkhag and the Dzongkhag Administration reported that some amount had been recovered and the balance amount as of date was only Nu. 37,336.71. The PAC advised the Dzongkhag Administration to recover the balance by 31 Aug. 2021 and intimated to the RAA.*

Out of Nu.0.052 million, Nu.0.039 million was recovered by the Dzongkhag leaving the balance amount of Nu.0.013 million as 31 March 2022.

2.8 INADMISSIBLE PAYMENT OF REMUNERATION AND OTHER BENEFITS FOR THE DAYS OF EXTRA ORDINARY LEAVE - NU.0.184 MILLION

The Dzongkhag Administration, Trongsa had made inadmissible payment of Nu.0.214 million on account of remuneration and other benefits to officials on EOL, in contravention to BCSR, 2012. The payment of salary during the EOL had occurred apparently due to lack of coordination between the HR and Accounts Section. As of 31 March 2019, recovery amounting to Nu.0.029 million was made leaving balance of Nu.0.184 million. *AIN: 15528; Para: 30; Accountabilities: Direct: Jigme Dorji, GAO, EID # 9507122; Jai Bahadur Rai, EID # 201001363; Supervisory: Jigme Dorji, GAO, EID # 9507122; Jai Bahadur Rai, EID # 201001363.*

Status: *Observation not settled. The issue was deliberated during the PAC consultative meeting held on 5 Aug. 2021 in the DYT Hall of the Trongsa Dzongkhag and the Dzongkhag Administration reported that the amount of Nu.0.184 m against Jigme Dorji, GAO could not be recovered as of date as he has been transferred to Sarpang. The PAC directed Dzongkhag Administration to recover the amount within 31 Aug. 2021 if not take legal recourse for recovering the same.*

However, the observation remained unsettled as the RAA did not receive any further action taken report from the Dzongkhag as of 31 March 2022.

2.9. MISSING OF ITEMS WORTH - NU.0.209 MILLION

The Dzongkhag Administration, Trongsa had incurred an expenditure of Nu.1.424 million for the construction of Camp and procurement of necessary items for the camp during 109th National Day Celebrations coordinated by Dzongkhag Kidu Officer. The purchase included both expendable and non-expendable items. The physical verification of non-expendable items revealed that items worth of Nu.0.209 million were missing which included bedroom furniture, mattresses and bed linen, toilet fixtures, fittings and other items like electrical items, refrigerator, water tank and window curtains. The lapses had occurred due to lack of coordination between the handling committee and the Dzongkhag store to safeguards the items after the celebration. *AIN: 15528; Para: 18; Accountabilities: Direct: Chencho Gyeltshen, EID # 2101146; Supervisory: Chencho Gyeltshen, EID # 2101146.*

Status: *Observation not settled. The issue was deliberated during the PAC consultative meeting held on 5 Aug. 2021 in the DYT Hall of the Trongsa Dzongkhag and the Dzongkhag Administration reported that the accountable person Chencho Gyeltshen has resigned and went to Australia now and the*

observation could not be settled. The PAC directed Dzongkhag Administration to submit detail report on the subject and forward to RAA within 31 Aug. 2021.

However, the observation remained unsettled as the RAA did not receive any further action taken report from the Dzongkhag as of 31 March 2022.

2.11 NON-ACCOUNTAL OF ELECTRICAL ITEMS - NU.0.156 MILLION

The Dzongkhag Administration, Trongsa had not accounted for electrical items worth Nu.0.156 million. 58 rolls of copper wire were procured for the electrification of camp during the 109th National Day Celebration. However, during physical verification there were no electrical items found at site. The Dzongkhag Administration had not exercised due diligence to ensure proper accountal and custody of copper wires. *AIN: 15528; Para: 19; Accountabilities: Direct: Chencho Gyeltshen, EID # 2101146; Supervisory: Chencho Gyeltshen, EID # 2101146.*

Status: *Observation not settled. The issue was deliberated during the PAC consultative meeting held on 5 Aug. 2021 in the DYT Hall of the Trongsa Dzongkhag and the Dzongkhag Administration reported that the accountable person Chencho Gyeltshen has resigned and went to Australia now and the observation could not be settled. The PAC directed Dzongkhag Administration to submit detail report on the subject and forward to RAA within 31 Aug. 2021.*

However, the observation remained unsettled as the RAA did not receive any further action taken report from the Dzongkhag as of 31 March 2022.

2.12 NON-DEDUCTION OF REBATES AND EXCESS PAYMENT - NU.0.139 MILLION

The Dzongkhag Administration, Trongsa had not deducted rebate of Nu.0.069 million offered by M/s Druk Dreams Construction, Trongsa from the contractor's bills and had instead made excess payment amounting to Nu.0.139 million to the contractor by adding the rebate amount to the bill in the construction of Indigenous Unit at Kuengarabten BHU. The excess payment had apparently occurred due to failure of the site engineer and supervising engineer in exercising due diligence while verifying the contractor's claims. *AIN: 15528; Para: 6; Accountabilities: Direct: Dawa Lhamo, Site Engineer, EID # 20120100124; M/s Druk Dreams Construction, CDB No. 5218; Supervisory: Passang Dorji, DE, EID # 8201041.*

Status: *Observation not settled. The issue was deliberated during the PAC consultative meeting held on 5 Aug. 2021 in the DYT Hall of the Trongsa Dzongkhag and the Dzongkhag Administration reported that the District Engineer, Dawa Lhamo resigned from service and went to Canada, therefore the issue remained unsettled. The PAC advised the Dzongkhag Administration to pursue for recovery of the amount from the contractor by 31 Aug. 2021 or take legal recourse for recovering the same.*

However, the observation remained unsettled as the RAA did not receive any further action taken report from the Dzongkhag as of 31 March 2022.

2.14. EXCESS PAYMENT FOR WORKS NOT EXECUTED - NU.0.092 MILLION

The Dzongkhag Administration, Trongsa had released payments amounting to Nu.0.092 million to the contractor before completion of item of work at site in the construction of Guest House at Samcholing Green Tea House. M/s KCJ Construction, Trongsa had not executed items of works 'marble chips flooring top layer' and 'providing & fixing glass strips' at site with resultant excess payment. The lapses had occurred due to release of payments before the actual completion of the work at site. *AIN: 15528; Para: 13.2; Accountabilities: Direct: Dawa Lhamo, Site Engineer, EID # 20120100124; M/s KCJ Construction, Contractor, CDB No.4358; Supervisory: Tobgay, DE, EID # 201101170.*

Status: Observation settled as per the GTC re-verification report submitted to the RAA on 24/09/2021 which was endorsed by the committee based on the Minutes of Meeting held between RAA officials & Trongsa Dzongkhag vide letter No.NL dated 26/08/2021.

2.16 PAYMENT MADE FOR ITEM NOT PROVIDED AT SITE IN THE CONSTRUCTION OF VEGETABLE MARKET SHED - NU.0.054 MILLION

The Dzongkhag Administration, Trongsa had made payment of Nu.0.054 million to M/s Landmark Builders, Trongsa for items of works “providing and fixing terrazzo marble chips skirting” not provided at site in the construction of vegetable market shed at Trongsa town. The lapses had occurred due to improper verification of work done at site with contractor’s claims. *AIN: 15528; Para: 10; Accountabilities: Direct: Dawa Lhamo, Site Engineer, EID # 20120100124; M/s Landmark Builders, Contractor, CDB No.3077; Supervisory: Tobgay, DE, EID # 201101170.*

Status: Observation not settled. The issue was deliberated during the PAC consultative meeting held on 5 Aug. 2021 in the DYT Hall of the Trongsa Dzongkhag and the Dzongkhag Administration reported that initially the payment was made after a rough measurement of the works completed. Later with the proper measurement it was found that over payment was made to the contractor. The PAC advised the Dzongkhag Administration to pursue for the recovery of the amount from the contractor by 31 Aug. 2021 or take legal recourse for recovering the same.

However, the observation remained unsettled as the RAA did not receive any further action taken report from the Dzongkhag as of 31 March 2022.

2.18. EXCESS PAYMENT IN THE CONSTRUCTION OF RNR STAFF QUARTER AT BEMJEE - NU.0.048 MILLION

The Dzongkhag Administration, Trongsa had made excess payment of Nu.0.048 million to M/s Blue Heaven Construction, Trongsa due to non-deduction of openings and non-execution of item of works in the construction of Four-Unit RNR staff quarter at Bemjee. *AIN: 15528; Para: 12; Accountabilities: Direct: Phuntsho Ghallay, Site Engineer, EID # 20140103513; M/s Blue Heaven Construction, Contractor, CDB No.1174; Supervisory: Tobgay, DE, EID # 201101170.*

Status: Observation settled as per the GTC re-verification report submitted to the RAA on 24/09/2021 which was endorsed by the committee based on the Minutes of Meeting held between RAA officials & Trongsa Dzongkhag vide letter No.NL dated 26/08/2021.

2.21 NON-RECOVERY OF THE COST FOR TMT BARS

The Dzongkhag Administration, Trongsa had not recovered the cost of 2,881.54 kgs of TMT Rebars sold to M/s Gyserling Construction, Trongsa as of March 2018. The lapses had occurred due to lack of follow-up on realizing the value of materials taken by the contractor. *AIN: 15528; Para: 41; Accountabilities: Direct: Kinzang Tenzin, Assistant Engineer, EID # 201001716; Supervisory: Tobgay, DE, EID # 201101170.*

Status: Observation not settled. The issue was deliberated during the PAC consultative meeting held on 5 Aug. 2021 in the DYT Hall of the Trongsa Dzongkhag and the Dzongkhag Administration reported that the amount was recovered. However, the details of recovery was not furnished to the RAA. The PAC directed the Dzongkhag Administration to forward the details of recovery to the RAA by 31st August 2021.

However, the observation remained unsettled as the RAA did not receive any further action taken report from the Dzongkhag as of 31 March 2022.

1.3.2.17 DZONGKHAG ADMINISTRATION, TSIRANG

During the year, the RAA conducted one audit of the Dzongkhag Administration, Tsirang. There were 43 observations amounting to Nu.6.273 million of which 28 observations amounting to Nu.1.955 million were either resolved prior to the compilation of the draft AAR 2018 or did not qualify for inclusion. The significant irregularities reported in the draft AAR 2018 amounted to Nu.4.318 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Dzongkhag Administration, observations amounting to Nu.2.582 million were resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.1.736 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Dzongkhag and the total amount of the unsettled irregularities of Nu. 0.699 million reported to the Parliament in October 2021 was settled. However, one irregularity under non-compliance to rules and regulations remained unresolved as on 31 March 2022 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
1	Mismanagement	0.099	0.099	-	100
2	Non-ompliance to rules and regulations	-	-	-	-
3	Shortfalls, Lapses and Deficiencies	0.600	0.600	-	100
	Total	0.699	0.699	-	100

The details of unsettled irregularities reported to the Parliament in October 2021, the irregularities settled thereafter and the unsettled one in 31 March 2022 is as discussed below:

1. Mismanagement

1.1. NON-IMPOSITION OF PENALTY FOR LATE PAYMENTS – NU.0.099 MILLION

The Dzongkhag Municipal Authority, Tsirang had not imposed penalty amounting to Nu.0.099 million on account of late payments of taxes and monthly rental from tax defaulters and lessees respectively as per taxation rules and regulations and lease agreements. The Dzongkhag Municipal Authority had failed to comply and levy the fines and penalties as per the Chapter 2.2.5 Part 8 of Revenue Accounting Manual 2004. *AIN: 15235; Para: 33; Accountabilities: Direct: Diliram Adhikari, RO, EID # 20120700719; Supervisory: Diliram Adhikari, RO, EID # 20120700719.*

Status: Observation has been settled as the penalty amount of Nu. 8,517.12 which was pending for recovery also deposited with the RAA vide receipt No. A00692 dated 02/12/2021.

2. Non-compliance to Laws and Rules

There were cases of non-compliance to laws and rules as summarised below:

Sl. No	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
2.4	Non-rectification of defective works	-	-	Unsettled
2.5	Acceptance of defective works	-	-	Settled
	Total	-	-	-

2.4 NON-RECTIFICATION OF DEFECTIVE WORKS

The Dzongkhag Administration, Tsirang had not instructed the contractor to rectify defective works noted in the construction of Zigray at Namgaycholing Dratshang. The plinth protection at the right side of the building and the retaining wall being constructed below the Zigray including the steps had developed cracks. *AIN: 15235; Para: 7.3; Accountabilities: Direct: Gem Dorji, Executive Engineer, EID # 8908079; Supervisory: Gem Dorji, Executive Engineer, EID # 8908079.*

Status: *Observation not settled. The issue was deliberated during the PAC consultative meeting held on 9 Aug. 2021 at RAA, PDC Tsirang where the Executive Engineer reported that the defective works had not been rectified by the contractor despite request made to him. The PAC directed the Dzongkhag to initiate the rectifications and update RAA by 31 Aug. 2021.*

Observation not settled as of 31 March 2022. ATR reminder has been sent vide letter No. TD/DES-18/2021-2022/642 date 23/03/2022.

2.5 ACCEPTANCE OF DEFECTIVE WORKS

The Dzongkhag Administration, Tsirang had accepted defective works in the construction of four-unit toilet and drain for Boys' Hostel at Mendrelgang Central School. The contract executed by M/s Kelzang Dee Construction of Paro had numerous defects as follows:

- transparent roofing CGI sheets were found damaged/torn;
- water supply to toilet was found disconnected and without water;
- soak-pit was not ascertainable with the area covered by stones/pebbles;
- electrical fittings were not properly fixed; and
- earthing was damaged.

The lapses had occurred due to inadequate supervision and monitoring of construction activity and failure of the handing-taking over committee to direct the contractor to rectify the works before taking over the works. *AIN: 15235; Para: 4; Accountabilities: Direct: Chaksing, Principal, EID # 2010019; Supervisory: Sangay Choephel, CDEO, EID # 9808204.*

Status: *Observation has been settled vide follow-up report No. RAA/OAAG(T)FUS-02/2021-2022/204 date 17/09/2021*

3. Shortfalls, Lapses and Deficiencies

There were cases of shortfalls, lapses and deficiencies involving Nu.0.600 million as summarised below:

Sl. No	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
3.1	Irregularities in payment of travel allowances	0.063	0.063	-
3.4	Payment made for work not executed	0.279	0.279	-

3.5	Excess payment due to short execution of works	0.258	0.258	-
	Total	0.600	0.600	-

3.1. IRREGULARITIES IN PAYMENT OF TRAVEL ALLOWANCES - NU.0.063 MILLION

The Dzongkhag Administration, Tsirang had made excess payments amounting to Nu.1.198 million to officials on account of TA/DA. Against the total payment of Nu.20.393 million, the admissible amount worked out to Nu.19.195 million with resultant inadmissible payment of Nu.1.198 million. The disbursement of inadmissible TA/DA was not in line with the BCSR and indicated the management's failure to exercise necessary prudence in approving and in disbursing the travel claims. As of 31 March 2019, recovery amounting to Nu.1.056 million was made leaving balance of Nu.0.142 million. *AIN: 15235; Para: 18; Accountabilities: Direct: Individual list as per Annexure in Audit Report; Supervisory: Concern sector heads.*

Status: *Observation has been settled as the individual concerned have fully deposited the amounts with the RAA.*

3.4. PAYMENT MADE FOR WORK NOT EXECUTED - NU.0.279 MILLION

The Dzongkhag Administration, Tsirang had made payment of Nu.0.279 million for items of works not executed in the construction of Zigray at Namgaycholing Dratshang. The contractor, M/s Lhanam TRM Construction, Gelephu was paid for the slab works, the suspended floor without height in the final bill. The MB and final bill indicated inadequate and improper verification of bills resulting in excess payment. The lapse had occurred due to failure of the supervising officials to exercise due diligence while verifying the final bill in terms of the actual quantities executed at site. *AIN: 15235; Para: 7.2; Accountabilities: Direct: Gem Dorji, Executive Engineer, EID # 8908079; Supervisory: Gem Dorji, Executive Engineer, EID # 8908079.*

Status: *Observation has been settled as the amount was deposited with the RAA vide Receipt No. A00635 dated 23/08/2021.*

3.5. EXCESS PAYMENT DUE TO SHORT EXECUTION OF WORKS - NU.0.258 MILLION

The Dzongkhag Administration, Tsirang had made excess payment of Nu.0.258 million due to short execution of works in the construction of Zigray at Namgaycholing Dratshang. M/s Lhanam TRM Construction, Gelephu had claimed for excess quantities of items of work than was actually executed at site. The lapse had occurred due to failure of the supervising officials to exercise due diligence while verifying the final bill in terms of the actual quantities executed at site. *AIN: 15235; Para: 7.1; Accountabilities: Direct: Gem Dorji, Executive Engineer, EID # 8908079; Supervisory: Gem Dorji, Executive Engineer, EID # 8908079.*

Status: *Observation has been settled as the contractor made fully re-fund of the amount to the RAA.*

1.3.2.18 DZONGKHAG ADMINISTRATION, WANGDUEPHODRANG

During the year, the RAA conducted one audit of the Dzongkhag Administration, Wangduephodrang. There were 17 observations amounting to Nu.7.025 million of which six observations amounting to Nu.5.010 million were either resolved prior to the compilation of the draft AAR 2018 or did not qualify for inclusion. The significant irregularities reported in the draft AAR 2018 amounted to Nu.2.015 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Dzongkhag Administration, observations amounting to Nu.1.963 million were resolved. The total

unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.0.052 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Dzongkhag and all the irregularities were settled as on 31 March 2022 as narrated below.

SL No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
1	Shortfalls, Lapses and Deficiencies	-	-	-	-
	Total	-	-	-	-

The details of unsettled irregularity reported to the Parliament in October 2021 which got resolved as on 31 March 2022 is as discussed below:

1. Shortfalls, Lapses and Deficiencies

1.2. PAYMENT FOR ELASTOMERIC BEARINGS

The Dzongkhag Administration, Wangduephodrang had made payment of Nu.0.400 million to the contractor, M/s D.W Construction, Wangdue for providing Elastomeric Bearings in the construction of RCC Girder Bridge on Gangphel-Zizi Farm Road under Phobji Gewog. However, during verification, the main girders were found having direct contact with the abutments with no space for the placement of elastomeric bearings due to which it could not be authenticated.

The Elastomeric Bearings are provided between the Main Girders and the Abutments to restrain and isolate the load bearing surface (Deck) from the support (Abutment) while permitting movement for better durability of the Girder Bridges. *AIN: 15554; Para: 14.1; Accountabilities: Direct: Kezang Wangchuk, Asst. Engineer, EID # 9507036), M/s Thukten Gyeltshen Const. CDB # 4539; Supervisory: Labchu, Dzongkhag Engineer, EID # 8601092.*

Status: *Observation has been settled as per the follow-up report No.OAAG (T)FUS-01/2021-2022/297 dated 15/11/2021 based on the action taken by the Dzongkhag after the PAC consultation meeting held on 13 Aug. 2021 in Punakha Dzong.*

1.3.2.19 DZONGKHAG ADMINISTRATION, ZHEMGANG

During the year, the RAA conducted two audits of the Dzongkhag Administration, Zhemgang. There were 28 observations amounting to Nu.15.353 million of which 18 observations amounting to Nu.4.167million were either resolved prior to the compilation of the draft AAR 2018 or did not qualify for inclusion. The significant irregularities reported in the draft AAR 2018 amounted to Nu.11.186 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Dzongkhag Administration, observations amounting to Nu.0.165 million were resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.11.021 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Dzongkhag, however, the balance unsettled irregularities of Nu. 2.605 million reported to the Parliament in October 2021 remained unsettled as on 31 March 2022 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
1	Non-compliance of Laws & Rules	2.605	-	2.605	-
	Total	2.605	-	2.605	-

The details of unsettled irregularities reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 are as discussed below:

1. Non-compliance to Laws and Rules - Nu.2.605 million

There were cases of non-compliance to laws and rules involving Nu.4.447 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
1.1	Short-levy of liquidated damages	1.705	-	1.705
1.2	Release of final bill without completing the works	0.900	-	0.900
	Total	4.447	1.842	2.605

1.1. SHORT-LEVY OF LIQUIDATED DAMAGES - NU.1.705 MILLION

The Dzongkhag Administration, Zhemgang had accepted and taken over incomplete works and failed to levy liquidated damages of Nu.1.705 million on the contractor, M/s S.L. Construction Pvt. Ltd. Thimphu in the construction of 200-bedded Girls Hostel at Zhemgang Central School. The contract work was scheduled to commence from 20 June 2015 and to be completed by 30 June 2016.

However, the site visit revealed that HDPE pipes were not installed, septic tank not completed and gutters were not connected to the rainwater-harvesting reservoir even at the time of audit in November 2017. The work had remained incomplete even after one year three months. Further, the contractor was liable for liquidated damages of Nu.2.006 million, but the Dzongkhag Administration had levied only Nu.0.301 million as liquidated damages for 20 days of delay with resultant short-levy of liquidated damages amounting to Nu.1.705 million. *AIN: 15200; Para: 1.2; Accountabilities: Direct: Yeshey Rinzin, Engineer, EID # 201101215; Supervisory: Kintu, DE, EID # 200801083.*

Status: *Observation not settled. The issue was deliberated during the PAC consultative meeting held on 7 Aug. 2021 at DYT hall of Trongsa Dzongkhag where the Dzongkhag Administration reported that contractor had rectified the defective works several times as directed by the administration before handing taking of the work. Coincidentally the defects were observed by RAA's officials during their visit to the site. The administration is of the opinion that the issue seems to be the inability to distinguish whether the work falls under LD or defect liability period. RAA stated that, it is important for the Dzongkhag Administration to coordinate with the school management to resolve this issue as it is the responsibility of the school management to inform Dzongkhag Administration about the defective works and rectify it without having to wait for RAA to inspect and point out the mistakes. The PAC advised the administration to coordinated with the school management of Zhemgang Central School and submit a proper report to RAA by 31 Aug. 2021 for review and appropriate action.*

However, the observation remained unresolved as no action taken report was received by the RAA from the Dzongkhag as of 31 March 2022.

1.2. RELEASE OF FINAL BILL WITHOUT COMPLETING THE WORKS - NU.0.900 MILLION

The Dungkhag Administration, Panbang had not recovered Nu.0.900 million from the contractor's final RA bill upon termination of contract in the construction of Fencing with Gate and Maintenance of NCH at Pangbang BHU I under Nangla Gewog. The Dungkhag Administration had released the final payment without deducting payment for works not executed, penalty on termination and material advances. The contract was terminated by the Dungkhag Tender Committee due to non-completion of work on time despite repeated reminders.

The lapses had occurred due to non-verification of work done prior to releasing the payments and making payment in excess of actual work done. *AIN: 15329; Para: 7; Accountabilities: Direct: Singye Wangchuk, AE, EID # 200507221; Supervisory: Singye Wangchuk, AE, EID # 200507221.*

Status: *Observation not settled. The issue was deliberated during the PAC consultative meeting held on 7 Aug. 2021 in DYT hall of Trongsa Dzongkhag where the Dzongkhag Administration reported that, the contractor couldn't complete the work and the contract was terminated after levying liquidated damages and 20% penalty. Certain amounts were recovered from 10% of performing security deposit and as of now Nu. 176,000/- is to be recovered from the contractor. Later, the work was assigned to another contractor and completed. The PAC directed the Dzongkhag Administration to submit recovery details and account of the amount along with justifying how the balance recoverable amount of Nu. 176,000/- was arrived at. The recovery of the amount should be initiated and updates given to the RAA by 31st August 2021.*

However, the observation remained unresolved as no action taken report was received by the RAA from the Dzongkhag as of 31 March 2022.

1.3.3 GEWOGS

1.3.3.1 GEWOGS ADMINISTRATION UNDER CHHUKHA DZONGKHAG

II. BONGO

During the year, the RAA conducted one audit of the Gewog Administration, Bongo under Chhukha Dzongkhag. There were two observations amounting to Nu.0.026 million of which one observation amounting to Nu.0.026 million did not qualify for inclusion in the draft AAR 2018.

The unresolved significant irregularity reflected in the AAR 2018 is as summarised below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Gewog, however, the irregularity reported to the Parliament in October 2021 remained unsettled as on 31 March 2022 as discussed below.

SL No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
1	Non-compliance of Laws and Rules	-	-	-	-
	Total	-	-	-	

The details of unsettled irregularity reported to the Parliament in October 2021 which remained

unsettled as on 31 March 2022 is as discussed below:

1. Non-compliance to Laws and Rules

1.1. DEFECTS OBSERVED IN CONSTRUCTION OF PERMANENT STRUCTURES AT GEDU-BOERI FARM ROAD

The Gewog Administration, Bongo had not rectified defects noted in the construction of permanent structures at Gedu-Boeri farm road by M/s Tashi Construction, Chhukha as under:

- RRM wall valuing Nu.0.095 million was found collapsed apparently due to poor workmanship;
- Portion of causeway worth Nu.0.035 million attached to the retaining wall was found damaged. It was found constructed without RCC, which was required as per specifications and drawing;
- Hume pipes provided did not have collar at the joints for cross drainage; and
- Hammer dressed stone edging were not provided as per the specifications in some stretch of the farm road due to which the hand packed stone soling and granular sub-base course (GSB) were found eroded at several stretches of the road within the short period of time.

The lapses had occurred mainly due to poor workmanship and inadequate supervision and monitoring of site at the time of execution by the site engineer leading to non-achievement of value for money. *AIN: 15374; Para: 1a; Accountabilities: Direct: Dewas Biswa, JE, EID # 20140103469; Supervisory: Tshering Nidup, Gup, CID #10203002306.*

Status: *Observation has been settled vide follow-up report No.RAA/OAAG-Pling/Bon-GW/A4/2021/953 dated 07/09/2021 based on the action taken by the Gewog.*

1.3.3.2 GEWOGS ADMINISTRATION UNDER MONGGAR DZONGKHAG

I. BALAM

During the year, the RAA conducted one audit of the Gewog Administration, Balam under Monggar Dzongkhag. There were four observations amounting to Nu.0.294 million which were not resolved prior to the compilation of the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.0.294 million.

The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.0.294 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Gewog and all the irregularities were settled as on 31 March 2022 as detailed below.

SL No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
2	Non-compliance of Laws and Rules	-	-	-	-
	Total	-	-	-	-

The details of unsettled irregularity reported to the Parliament in October 2021 which got resolved as on 31 March 2022 is as discussed below:

1. Non-compliance to Laws and Rules

1.1. NON-RECTIFICATION OF DEFECTIVE WORKS IN VARIOUS FARM ROAD

The Gewog Administration, Balam had not instructed M/s Dhenzang Hiring Unit, Monggar to rectify defective works noted in the construction of various farm roads under the Gewog. From the nine farm roads constructed, three farm roads from Dorum to Nacheluwang/KhepsHING, Lower Jadung farm road and Upper Balam farm road were not pliable. The lapses had occurred apparently due to negligence on the part of the Gewog Administration and site engineer to monitor and supervise at the time of execution. *AIN: 15700; Para: 3; Accountabilities: Direct: Prem Bdr. Ghalley, AE, EID # 2012100120; M/s Dhenzang Hiring Unit, Monggar, Lic. No. 6008651; Supervisory: Lungten, Gup, CID # 10701000195.*

Status: *Observation has been settled as per letter No.MD/DES-01/2021/461 dated 08/07/2021 based on the completion report & rectification works carried out by the contractor which was supported with a pictorial evidence endorsed by the Gewog.*

IX. NARANG

During the year, the RAA conducted one audit of the Gewog Administration, Narang under Monggar Dzongkhag. There were three observations amounting to Nu.0.618 million of which one observation amounting to Nu.0.011 million did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.0.607 million.

The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.0.607 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Gewog, however, the balance unsettled irregularity of Nu.0.117 million reported to the Parliament in October 2021 remained unsettled as on 31 March 2022 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
1	Non-compliance to Laws and Rules	0.117	-	0.117	-
	Total	0.117	-	0.117	-

The details of unsettled irregularities reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 is as discussed below:

144 Non-compliance to Laws and Rules - Nu.0.117 million

The case of non-compliance to laws and rules amounted to Nu.0.117 million as indicated below:

1.1. UNDUE DELAY IN TAKING OVER OF THE COMPLETED WORK AND NON-LEVY OF LIQUIDATED DAMAGES - NU.0.117 MILLION

The Gewog Administration, Narang had not levied liquidated damages amounting to Nu.0.117 million to M/s N. Yarphe Construction, Pemagatshel for undue delay in taking over of the completed work in the construction of Farm Road from Domshung to Pangkang. The contractor had submitted the completion report on 25 August 2017 against the completion due date of 27 August 2017, but the Dzongkhag Tender Committee had taken over the work only on 8 November 2017, after 75 days from

the date of work completion report. The reason for delay in taking over of the completed work was not on record and was indicative that the contractor had submitted the work completion report without actual completion of the work at site to avoid the penalty for delay. *AIN: 15699; Para: 2.1; Accountabilities: Direct: Tshewang Rinzin, AE, EID # 9301052; Supervisory: Tandin Wangchuk, Gup, CID # 10705003815*

Status: *Observation not settled. The issue was deliberated during the PAC consultative meeting held on 3 Aug. 2021 in DYT hall of Trashigang Dzongkhag where the Gewog Adm. reported that the work was completed by the contractor on time. However, due to medical condition of contractor's sister-in-law, whereby he had to take her to hospital in Calcutta for cancer treatment; 75 days delay was caused to submit the work completion report.*

The RAA stated that if all the statement made is justified based on the evidence this issue can be considered for settlement. The PAC directed the Gewog Adm. to submit proper report endorsed by DTC to RAA by 31 Aug. 2021 for review and appropriate decision.

However, the observation remained unsettled as no further reports were received by the RAA as of 31 March 2022.

X. NGATSHANG

During the year, the RAA conducted one audit of the Gewog Administration, Ngatshang under Monggar Dzongkhag. There were two observations amounting to Nu.1.562 million which were not resolved prior to the compilation of the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.1.562 million.

The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.1.562 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Gewog and the balance irregularity of Nu. 1.500 million reported to the Parliament in October 2021 got resolved as on 31 March 2022 as shown in the table below.

Sl No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
1	Fraud, Corruption and Embezzlement	1.500	1.50	-	100
	Total	1.500	1.500	-	100

The details of unsettled irregularities reported to the Parliament in October 2021 got resolved as on 31 March 2022 is as discussed below:

1. Fraud, Corruption and Embezzlement on

The case with elements of Fraud, corruption and embezzlement involving Nu.1.500 million is as indicated below:

1.1. RELEASE OF 100% PAYMENT WITHOUT COMPLETING THE RENOVATION OF SANGACHOLING LHAKHANG – NU.1.500 MILLION

The Gewog Administration, Ngatshang had released full payment of Nu.1.500 million to the Community Contractor for major renovation of Sangacholing Lhakhang without having completed the renovation works. The construction work had just begun and was supposed to be completed by 9

March 2018 but full payment was found disbursed during the month of June 2017, ahead of the actual completion date. In addition, the Gewog had awarded the work to the community contractor without obtaining due approval for the renovation of the Lhakhang from the Department of Culture, MoHCA. The full payment was found made to avoid the fund from getting lapsed in defiance to the financial norms. The lapses had occurred apparently due to failure of the administration to abide by the FRR and improper planning of the renovation works by the Gewog Administration. *AIN: 15702; Para: 2; Accountabilities: Direct: Tenzin Tobgay, Dy. DE, EID # 9607022; Supervisory: Dorji Leki, Gup, CID # 10710001218.*

Status: *Observation has been settled based on the letter No.MD/DES-03/2021/1431 dated 28/08/2021 as the contractor had completed the work and the completion report No.MD/DES-21/2018/104 dated 08/11/2018 submitted along with pictorial evidences endorsed by the Geog Committee.*

XVI. TSAMANG

During the year, the RAA conducted one audit of the Gewog Administration, Tsamang under Monggar Dzongkhag. There were two observations amounting to Nu.0.148 million which were not resolved prior to the compilation of the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.0.148 million.

The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.0.148 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Gewog and the irregular principal amount was settled. However, the observation remained unresolved as the accumulated penalty was not deposited as on 31 March 2022 as discussed below.

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
1	Fraud, Corruption and Embezzlement	-	-	-	-
	Total	-	-	-	

The details of unsettled irregularity reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 is as discussed below:

1. Fraud, Corruption and Embezzlement

The case with elements of fraud, corruption and embezzlement involving Nu.0.054 million is as indicated below:

1.1. RELEASE OF PAYMENT MADE WITHOUT RECEIVING GOODS – NU.0.054 MILLION

The Gewog Administration, Tsamang had made payment of Nu.0.054 million to M/s Tashi Yangkhil Tshongkhag for the supply of furniture without actually receiving the goods. The lapses had occurred apparently due to failure on the part of the Administration to observe the financial and procurement norms. *AIN: 15704; Para: 2; Accountabilities: Direct: Sonam Dema, Accountant, EID # 201007184; Supervisory: Sonam Darjay, Gup, CID # 10715001963.*

Status: *Observation has been settled as an amount of Nu.54, 470.00 was deposited with the RAA vide*

1.3.3.3 GEWOGS ADMINISTRATION UNDER PARO DZONGKHAG

II. LOONG-NYI

During the year, the RAA conducted one audit of the Gewog Administration, Loong-nyi under Paro Dzongkhag. There were seven observations amounting to Nu.1.059 million of which observations amounting to Nu.0.358 million was either resolved prior to the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.0.701 million.

The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.0.701 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Gewog, however, the balance unsettled irregularities of Nu. 0.247 million reported to the Parliament in October 2021 remained unsettled as on 31 March 2022 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
2	Shortfalls, Lapses and Deficiencies	0.247	-	0.247	-
	Total	0.247	-	0.247	-

The details of unsettled irregularities reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 are as discussed below:

1. Shortfalls, Lapses and Deficiencies - Nu.0.247 million

There were cases of shortfalls, lapses and deficiencies involving Nu.0.247 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
2.1	Excess payment to contractor	0.110	-	0.110
2.2	Excess payment to contractor due to non-deduction of stretch of PCC road	0.074	-	0.074
2.3	Excess payment to contractor due to discrepancies in measurement of wall	0.063	-	0.063
	Total	0.247	-	0.247

2.1. EXCESS PAYMENT TO CONTRACTOR - NU.0.110 MILLION

The Gewog Administration, Loong-nyi had made excess payment of Nu.0.110 million to M/s Tandin Dorji Construction in the maintenance work at Dzongdrakha. The contractor was paid for quantities in excess of actual quantities executed at site due to quantification of providing and laying hammer dressed dry stone soling work in 'square metres' instead of 'cubic metres' and acceptance of excess length against the actual length executed at site. In addition, excess length was found accepted in PCC

works up-to plinth area. *AIN: 15302; Para: 3.1; Accountabilities: Direct: Pema Lhendup, Dy. Executive Engineer, EID # 9807053.*

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 10 Sept. 2021 in NA conference hall, Thimphu where the Site Engineer reported that as per the decision of the exit meeting the amount of Nu. 220,000/- was deposited into Audit Recover Account and has the receipt for the same.*

However, as per the records of the RAA the initial amount against this observation was Nu.330, 400/- and after the deposit of Nu. 220,683/- vide Receipt No. 428201 dated 06/08/2018 the balance unsettled amount (330,400-220,683) was Nu. 109,717/- (rounded Nu.0.110 million) as reflected here which was remaining unrecovered as of 10 Sept. 2021.

It was decided that Gewog Administration should deposit the amount by 30 Sept. 2021 and resolve the issue accordingly.

However, the observation remained unresolved as the balance amount of Nu.109,717.00 reported earlier was not recovered as of 31 March 2022.

2.2. EXCESS PAYMENT DUE TO NON-DEDUCTION OF STRETCH OF PCC ROAD - NU.0.074 MILLION

The Gewog Administration, Loong-nyi had made excess payment of Nu.0.074 million to M/s Tandin Dorji Construction due to non-deduction of portion of positioned PCC works along the stretch of the road in the maintenance work at Dzongdrakha. The site engineer had verified the final RA bill and made payments without deducting the stretch of PCC road. The bill payment was found based on the quantity provided in the BOQ and not on the actual quantity of work executed at site. The site engineer and the Handing/Taking Committee members had not exercised due diligence while verifying the final RA bill and taking over completed works from contractor. *AIN: 15302; Para: 4.2; Accountabilities: Direct: Pema Lhendup, Dy. Executive Engineer, EID # 9807053; Supervisory Accountability: Jamtsho, Gup, CID # 10806001674.*

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 10 Sept. 2021 in NA conference hall, Thimphu where the Site Engineer reported that as per the decision of the exit meeting the amount of Nu. 220,000/- was deposited into Audit Recover Account and has the receipt for the same.*

However, as per the records of RAA the amount of Nu. 220,683/- deposited vide Receipt No. 428201 dated 06/08/2018 was for the observation 3.1 of AIN.15302 and not against this observation. Hence, the amount of Nu.0.074 million reflected in this observation had remained unrecovered as of 10 Sept. 2021.

It was decided that Gewog Administration should deposit the amount by 30 Sept. 2021 and resolve the issue accordingly.

However, the observation remained unresolved as the amount was not recovered as of 31 March 2022.

2.3. EXCESS PAYMENT TO CONTRACTOR DUE TO DISCREPANCIES IN MEASUREMENT OF WALL - NU.0.063 MILLION

The Gewog Administration, Loong-nyi had made excess payment of Nu.0.063 million to M/s Tandin Dorji Construction due to discrepancies in measurement of RRM wall in the maintenance work at Dzongdrakha. The contractor was paid for quantities in excess of the actual quantities executed at site. The lapses had occurred due to acceptance of excess dimensions while quantifying item of work as against the actual dimensions executed at site by the site engineer while verifying the contractor's

bills for payment. *AIN: 15302; Para: 4.3; Accountabilities: Direct: Pema Lhendup, Dy. Executive Engineer, EID # 9807053; Supervisory: Jamtsho, Gup, CID # 10806001674.*

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 10 Sept. 2021 in NA conference hall, Thimphu where the Site Engineer reported that as per the decision of the exit meeting the amount of Nu. 220,000/- was deposited into Audit Recover Account and has the receipt for the same.*

However, as per the records of RAA the amount of Nu. 220,683/- deposited vide Receipt No. 428201 dated 06/08/2018 was for the observation 3.1 of AIN.15302 and not against this observation. Hence, the amount of Nu.0.063 million reflected in this observation had remained unrecovered as of 10 Sept. 2021.

It was decided that Gewog Administration should deposit the amount by 30 Sept. 2021 and resolve the issue accordingly.

However, the observation remained unresolved as the amount was not recovered as of 31 March 2022.

1.3.3.5 GEWOGS ADMINISTRATION UNDER PUNAKHA DZONGKHAG

IV. GOENSHARI

During the year, the RAA conducted one audit of the Gewog Administration, Goenshari under Punakha Dzongkhag. There were four observations amounting to Nu.0.376 million of which one observation amounting to Nu.0.003 million did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.0.373 million.

The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.0.373 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Gewog and the total unsettled irregularities of Nu. 0.373 million reported to the Parliament in October 2021 was settled as on 31 March 2022 as shown in the table below.

SL No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
1	Mismanagement	0.373	0.37	-	100
	Total	0.373	0.373	-	

The details of unsettled irregularities reported to the Parliament in October 2021 which got resolved as on 31 March 2022 are as discussed below:

1. Mismanagement

The cases of mismanagement involving Nu.0.373 million are as summarised below:

SL No.	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
.				

1.1	Short collection of annual rent and improper maintenance of records	0.240	0.240	-
1.2	Non-accountal of collections and non-availability of cash	0.133	0.133	-
Total		0.373	0.373	-

1.1. SHORT COLLECTION OF ANNUAL RENT AND IMPROPER MAINTENANCE OF RECORDS - NU.0.240 MILLION

The Gewog Administration, Goenshari had short-collected Nu.0.240 million on account of annual rent of the Tsachu guest house for the last four years from 2014-2015 to 2017-2018. Against the total contract amount of Nu.0.382 million the Gewog Administration had collected only Nu.0.143 million. In addition, the Gewog Administration had also not maintained the Cash Book and Bank Account for the collection of rental charges and for expenditures incurred. Similar issue was raised during past audit as well, however no improvement was made. *AIN: 15545; Para: 1.1; Accountabilities: Direct: Yeshi Dorji, Gup, CID #110030001107; Supervisory: Yeshi Dorji, Gup, CID # 110030001107.*

Status: *Observation has been settled vide follow-up report No. RAA/OAAG(T)/FUS-02/2021-2022/295 dated 12/11/2021.*

1.2. NON-ACCOUNTAL OF COLLECTIONS AND NON-AVAILABILITY OF CASH - NU.0.133 MILLION

The Gewog Administration, Goenshari had not accounted Nu.0.133 million collected on account of rent for Koma Tshachu. Out of the total collection of Nu.0.143 million, the Gewog Administration had deposited Nu.0.010 million into the CD Account maintained for the Tshachu and balance of Nu.0.133 million was reportedly used for maintenance of Tshachu Guest House.

Ideally, the rental collections should be deposited into the RGR Account, as it is a form of revenue and should not be used for maintenance of guesthouse since the Gewog's LC Budget has separate provisions for maintenance works. However, if the rental collections from the guest house are being used for maintenance of guesthouse then the payments made from Gewog's LC Budget should be inadmissible. In addition, the Gewog Administration had not prepared vouchers while making payments to authenticate the genuineness of expenses incurred. The lapses had occurred due to non-maintenance of proper records and lack of financial discipline. *AIN: 15545; Para: 1.2; Accountabilities: Direct: Yeshi Dorji, Gup, CID # 110030001107; Supervisory: Yeshi Dorji, Gup, CID # 110030001107.*

Status: *Observation has been settled vide follow-up report No. RAA/OAAG(T)/FUS-02/2021-2022/295 dated 12/11/2021.*

V. TALOG

During the year, the RAA conducted one audit of the Gewog Administration, Talog under Punakha Dzongkhag. There were six observations amounting to Nu.1.419 million of which two observations amounting to Nu.0.025 million did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.1.394 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Dzongkhag Administration, observations amounting to Nu.1.124 million were resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.0.270 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Gewog and the balance unsettled irregularities of Nu. 0.136 million reported to the Parliament in October 2021 was resolved as on 31 March 2022 as shown in the table below.

SL No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
1	Mismanagement	0.136	0.136	-	100
	Total	0.136	0.136	-	

The details of unsettled irregularities reported to the Parliament in October 2021 which got resolved as on 31 March 2022 are as discussed below:

1. Mismanagement

There were cases of mismanagement involving Nu.0.136 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
1.1	Procurement not from authorized dealer	-	-	Settled
1.2	HDPE pipes lying idle for long period	0.136	0.136	-
	Total	0.136	0.136	

1.1. PROCUREMENT NOT FROM AUTHORIZED DEALER

The Gewog Administration, Talog had procured HDPE pipes worth Nu.0.550 million from M/s Muktshen Construction, Phuntsholing and not from the authorized dealers to take advantage of rebate offered by the manufacturers. As per the notifications of the MoF, all government agencies are supposed to procure the HDPE pipes and cement from Bhutanese manufacturers and authorized dealers. Non-adherence to the circulars had led to deprivation of benefit of rebate to the Government. *AIN: 15546; Para: 3.1; Accountabilities: Direct: Sonam Dorji, Site Engineer, EID # 200507214; Supervisory: Dorji Wangchuk, Gup, CID # 11008000399.*

Status: Observation has been settled vide follow-up report No. RAA/OAAG(T)/FUS-02/2021-2022/0264 date 22/10/2021.

1.2. HDPE PIPES LYING IDLE FOR LONG PERIOD - NU.0.136 MILLION

The Gewog Administration, Talog had procured 11,200 meters of HDPE pipes worth Nu.1.173 million for Laptakha RWSS during FY 2011-2012 of which 1,300 meters (13 rolls) worth Nu.0.136 million were found un-utilized and lying idle even after five and a half years of its procurement at the time of audit in April 2017. *AIN: 15546; Para: 3.2; Accountabilities: Direct: Sonam Dorji, Site Engineer, EID # 200507214; Supervisory: Dorji Wangchuk, Gup, CID # 11008000399.*

Status: Observation has been settled vide follow-up report No. RAA/OAAG(T)/FUS-02/2021-2022/0264 date 22/10/2021.

1.3.3.7 GEWOGS ADMINISTRATION UNDER SAMTSE DZONGKHAG

IV. YOESELTSE

During the year, the RAA conducted one audit of the Gewog Administration, Yoeseltse under Samtse Dzongkhag. There were three observations amounting to Nu.0.877 million which were not resolved prior to the compilation of the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.0.877 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Dzongkhag Administration, observations amounting to Nu.0.845 million were resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.0.032 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Gewog and all the irregularities were resolved as on 31 March 2022 as discussed below.

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
1	Shortfalls, Lapses and Deficiencies	-	-	-	-
	Total	-	-	-	

The details of unsettled irregularity reported to the Parliament in October 2021 which got resolved as on 31 March 2022 is as discussed below:

1. Shortfalls, Lapses and Deficiencies

1.1. INADMISSIBLE ADJUSTMENT OF ADVANCE - NU.0.032 MILLION

Out of the total PW advances of Nu.1.000 million adjusted by the Gewog Administration, Yoeseltse against transportation of bridge components and other overheads, Nu.0.032 million was found inadmissible due to deviation from the quoted rate in the construction of bridge at Kuchidiana and stood as recoverable. *AIN: 15567; Para: 1; Accountabilities: Direct: Rinchen Wangmo, Asst. Engineer, EID #: 200407020; Mamta Monggar, Jr. Engineer, EID # 20140103489; Supervisory: Kunzang Dorji, Distt. Engineer, EID # 9807036.*

Status: *Observation has been settled as a total amount of Nu.52,587.54 (with 24% penalty) was deposited with the RAA.*

VI. NORGAYGANG

During the year, the RAA conducted one audit of the Gewog Administration, Norgaygang under Samtse Dzongkhag. There were five observations amounting to Nu.2.639 million of which two observations amounting to Nu.0.021 million did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.2.618 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Dzongkhag Administration, observations amounting to Nu.2.465 million were resolved. The total

unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.0.153 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Gewog, however, the unsettled irregularities of Nu. 0.153 million reported to the Parliament in October 2021 remained unsettled as on 31 March 2022 as shown in the table below.

SL No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
1	Shortfalls, Lapses and Deficiencies	0.153	-	0.153	-
	Total	0.153	-	0.153	

The details of unsettled irregularities reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 is as discussed below:

1. Shortfalls, Lapses and Deficiencies – Nu.0.153 million

1.1. EXCESS PAYMENTS DUE TO DIFFERENCE IN THE QUANTITIES RECORDED IN MB AND ACTUAL QUANTITIES EXECUTED AT SITE - NU.0.153 MILLION

The Gewog Administration, Norgaygang had made excess payment of Nu.0.164 million during the financial year 2016-2017 to the contractors for construction works under Norgaygang Gewog including:

- street lighting and site development;
- construction of barbed wire fencing and compound gate;
- construction of 2 Blocks of 2-Unit RNR Staff Quarter; and
- construction of 2 Blocks of 64-Bedded Hostel at Sherab Gatshe LSS.

The contractors were found paid for quantities in excess of quantities actually executed at site. The lapses had occurred apparently due to improper verification of actual work done at site by the site engineer and the Gewog Administration. As of 31 March 2019, recoveries of Nu.0.011 million was made leaving balance of Nu.0.153 million. *AIN: 15575; Para: 3; Accountabilities: Direct: Rinchen Dorji, Gup, CID # 11201001292; Supervisory: Rinchen Dorji, Gup, CID # 11201001292.*

Status: Observation not settled. Amount of Nu. 0.153 million along with 24% penalty stands recoverable.

VII. PEMALING

During the year, the RAA conducted one audit of the Gewog Administration, Pemaling under Samtse Dzongkhag. There were five observations amounting to Nu.0.478 million of which one observation amounting to Nu.0.010 million did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.0.468 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Dzongkhag Administration, observations amounting to Nu.0.102 million were resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.0.366 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Gewog, however, the balance irregularity of Nu. 0.095 million reported

to the Parliament in October 2021 remained unsettled as on 31 March 2022 as shown in the table below.

SL No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
2	Shortfalls, Lapses and Deficiencies	0.095	-	0.095	-
	Total	0.095	-	0.095	-

The details of unsettled irregularity reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 is as discussed below:

1. Shortfalls, Lapses and Deficiencies - Nu.0.095 million

The case of shortfalls, lapses and deficiencies involving Nu.0.095 million is as summarised below:

2.3. EXCESS PAYMENT DUE TO NON-DEDUCTION OF DIFFERENTIAL PERCENTAGE ON ADDITIONAL ITEMS EXECUTED - NU.0.095 MILLION

The Gewog Administration, Pemaling had made excess payment of Nu.0.095 million to contractor due to non-deduction of the differential percentage (%) on additional items executed in the constructions of 5.2 km Farm Road from Hatikhowa to Talley and 5 km Farm Road from Lamitar to Gondaytar. The lapses had occurred apparently due to non-application of standards/practices set by the Dzongkhag Administration uniformly. *AIN: 15576; Para: 3; Accountabilities: Direct: Khem Raj Ghalley, Gup; CID # 11202000751; Supervisory: Khem Raj Ghalley, Gup; CID # 11202000751.*

Status: Observation not settled. Amount of Nu.0.095 million along with 24% penalty stands recoverable.

IX. SANGNGAGCHHOELING

During the year, the RAA conducted one audit of the Gewog Administration, Sangngagchhoeling under Samtse Dzongkhag. There were three observations amounting to Nu.0.134 million of which one observation amounting to Nu.0.004 million did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.0.130 million.

The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.0.130 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Gewog and the irregularities of Nu. 0.085 million reported to the Parliament in October 2021 was recovered, however, the observation remained unsettled as the accumulated 24% pa penalty was not recovered as on 31 March 2022 as discussed below.

SL No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
2	Shortfalls, Lapses and Deficiencies	0.085	0.085	-	-
	Total	0.085	0.085	-	-

The details of unsettled irregularity reported to the Parliament in October 2021 which remained

unsettled as on 31 March 2022 is as discussed below:

1. Shortfalls, Lapses and Deficiencies

1.1. EXCESS PAYMENTS DUE TO DIFFERENCE IN THE QUANTITIES RECORDED IN MB AND ACTUAL QUANTITIES EXECUTED AT SITE - NU.0.085 MILLION

The Gewog Administration, Sangnagchhoeling had made excess payment of Nu.0.085 million during the financial year 2016-2017 to the contractors for construction works under the Gewog including:

- construction of permanent structure for Sangnagcholing to Nidupling farmroad;
- construction of permanent structure for Labarbot farmroad;
- construction of permanent structure for Karseling farmroad; and
- site development of RNR and Sangnagcholing Gewog office.

The contractors were found paid quantities in excess of quantities actually executed at site. The lapses had occurred apparently due to improper verification of actual work done at site by the site engineer and the Gewog Administration. *AIN: 15581; Para: 2; Accountabilities: Direct: Tshering Wangchuk, Asst. Engineer, EID #200407023; Supervisory: Kinzang Dorji, District Engineer, EID # 9807036.*

Status: *Observation partially settled. Principal amount of Nu. 0.085 million has been deposited with the RAA, however 24% pa penalty amounting to Nu.20,016.93 stands recoverable.*

XI. TASHICHHOLING

During the year, the RAA conducted one audit of the Gewog Administration, Tashichholing under Samtse Dzongkhag. There were five observations amounting to Nu.0.362 million of which two observations amounting to Nu.0.019 million did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.0.343 million.

The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.0.343 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Gewog and one irregularity without the involvement of amount was resolved. However, irregularities of Nu. 0.317 million reported to the Parliament in October 2021 remained unsettled as on 31 March 2022 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021(Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
2	Non-compliance to Laws and Rules	-	-	-	100
3	Shortfalls, Lapses and Deficiencies	0.317	-	0.317	-
	Total	0.317	-	0.317	-

The details of unsettled irregularities reported to the Parliament in October 2021, irregularities resolved thereafter and the unsettled one as on 31 March 2022 is as discussed below:

1. Non-compliance to Laws and Rules

The case of non-compliance to laws and rules is as indicated below:

1.1. CONSTRUCTION OF PERMANENT STRUCTURE (ROAD FURNITURE) AT GOLA-DANGLING FARM ROAD WITHOUT PROPER CURING FOR CEMENT WORKS

The Gewog Administration, Tashichhoeling had accepted substandard quality and defective works in the construction of permanent structures at Gola - Dangling Farm Road executed by M/s K.P Construction. There were cracks on the structures indicating poor workmanship and inadequate curing of cement works. The lapses had occurred due to inadequate supervision and monitoring by the site and supervising engineers. *AIN: 15584; Para: 4; Accountabilities: Direct: Samir Giri, Gup, CID # 11202000900; Supervisory: Samir Giri, Gup, CID # 11202000900.*

Status: *Observation has been settled based on the rectification report submitted vide letter No. DAT/Acctt-01/2021-2022/2346 dated 17/09/2021.*

2. Shortfalls, Lapses and Deficiencies - Nu.0.317 million

The case of shortfalls, lapses and deficiencies involving Nu.0.343 million is as indicated below:

2.1. EXCESS PAYMENTS DUE TO DIFFERENCE IN THE QUANTITIES RECORDED IN MB AND ACTUAL QUANTITIES EXECUTED AT SITE - NU.0.343 MILLION

The Gewog Administration, Tashichhoeling had made excess payment of Nu.0.343 million during the financial year 2016-2017 to the contractors for construction works under the Gewog including:

- permanent works at Dangling to Tashichhoeling PS farm road;
- permanent structures at Gola - Dangling farm road;
- RCC bridge over Sipsu River at Gola - Chebju farmroad; and
- maintenance of Singyegang farm road.

The contractors were found paid for quantities in excess of quantities actually executed at site. The lapses had occurred due to inadequate supervision and monitoring, and improper verification of the bills with respect to the actual quantity of works executed at site. *AIN: 15584; Para: 3; Accountabilities: Direct: Samir Giri, Gup, CID # 11202000900; Supervisory: Samir Giri, Gup, CID # 11202000900.*

Status: *Observation not settled. Out of the total amount of Nu.0.343 million; Nu.0.026 million was deposited with the RAA vide No.456673 dated.03/09/2019 leaving a balance of Nu.0.317 million.*

XII. TENDRUK

During the year, the RAA conducted one audit of the Gewog Administration, Tendruk under Samtse Dzongkhag. There were eight observations amounting to Nu.0.980 million of which two observations amounting to Nu.0.029 million did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.0.951 million.

The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.0.951 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Gewog and out of the unsettled irregularities of Nu. 0.951 million reported to the Parliament in October 2021, Nu.0.141 was resolved leaving a balance of Nu.0.810 million as on 31 March 2022 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu. M)	Amount resolved (Nu. M)	Balance as on 30/03/2022 (Nu.M)	% Resolved
1	Fraud, Corruption and Embezzlement	0.393	-	0.393	-
2	Mismanagement	-	-	-	100
3	Non-Compliance to Laws and Rules	0.036	0.036	-	100
4	Shortfalls, Lapses and Deficiencies	0.522	0.105	0.417	20.11
	Total	0.951	0.141	0.810	14.83

The details of unsettled irregularities reported to the Parliament in October 2021 irregularities resolved thereafter and the unsettled ones as on 31 March 2022 are as discussed below:

1. Fraud, Corruption and Embezzlement - Nu.0.393 million

The case with elements of fraud, corruption and embezzlement involving Nu.0.393 million is as indicated below:

1.1. NON-ACCOUNTAL OF SEED FUND OF NU.0.100 MILLION GRANTED BY HH KYABJE JE KHENPO RINPOCHE - NU.0.393 MILLION

The Gewog Administration, Tendruk had not accounted for Nu.0.100 million granted as seed fund by HH the Je Khenpo Rinpoche to the Gewog Tshogchung which comprised of the Commandant, RBA, Tendru, the Sipsu Drungpa, Principal of Tendru Central School, Lam Neten of Tendru Dratshang. The Tshogchung had failed to recover Nu.0.100 million loaned to former Gup, Pema Wangchuk for a period of one year at an interest rate of 3% per month on 22 October 2013. The principal sum was expected to accrue an interest of Nu.0.036 million and the total refundable sum of Nu.0.136 million was due for repayment on 1 November 2014.

However, the former Gup had neither refunded the amount, nor had the Tshogchung Committee pursued the issue legally through the court of law as per the agreement. Further, the principal sum with interest over the years had remained outstanding and the dues amounted to Nu.0.393 million at the time of audit in March 2018. The default in payment had occurred primarily due to non-follow up of the repayment by the concerned Tshogchung Committee and non-enforcement of provisions of the agreement. *AIN: 15585; Para: 8; Accountabilities: Direct: Nima Dukpa, Gup, CID # 11216000379; Supervisory: Nima Dukpa, Gup, CID # 11216000379.*

Status: Observation not settled. The amount of Nu. 0.393 million laong with 24% penalty stands recoverable.

2. Mismanagement

2.1. CLAIMS ENTERTAINED WITHOUT PREPARING AND MAINTAINING PART III AND IRREGULARITIES THEREOF

The Gewog Administration, Tendruk had entertained claims not supported by mandatory documents for the departmentally executed formation cutting works for farm roads. Although the provisions in the contract agreement specify payments for actual quantity of work done and measured at site, PART III were not found prepared and recorded in MB to determine actual volume/quantity of work done at site.

In absence of PART III, the basis of payments as required and genuineness of the expenditure incurred for the works could not be ascertained. *AIN: 15585; Para: 6; Accountabilities: Direct: Nima Dukpa, Gup, CID # 11216000379; Supervisory: Nima Dukpa, Gup, CID # 11216000379.*

Status: Observation has been settled vide follow-up letter No.RAA/OAAG-Pling/Ten-Gw-B16/2021/1225 dated 03/11/2021.

3. Non-compliance to Laws and Rules

There were cases of non-compliance to laws and rules involving Nu.0.036 million as summarised below:

Sl. No	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
3.1	Irregularities in tendering of the tenduthang RWSS rehabilitation works	-	-	Unsettled
3.2	Inadmissible payment due to execution of substandard work	0.036	0.036	-
Total		0.036	0.036	-

3.1. IRREGULARITIES IN TENDERING OF THE TENDUTHAN RWSS REHABILITATION WORKS

The Gewog Administration, Tendruk had not adopted tendering procedures as per the provisions of PRR 2009 for the 'Rehabilitation works of Tenduthrang RWSS' awarded to Mr. Samdrup, Community Contractor at a total bid value of Nu.0.950 million, for three months commencing from 9 February 2017 and scheduled to complete on 9 May 2017. The total cost of the contract work amounted to Nu.0.955 million and included excavation in trenches for laying of pipelines and refilling of pipeline, FCR Tank and intake tank at source as per the RWSS designs.

There was no transparency in dissemination of Notice Inviting Tender (NIT) and no other records or documentary evidences were found to authenticate that due diligence was exercised to obtain bids from other prospective community contractors. Further, the Gup who chaired the committee and awarded the work was found to be a relative of the sole bidder and no conflict of interest was found declared while constituting the Tender Committee due to which the prevalence of conflict of interest in the award of the community contract tender could not be ruled out. *AIN: 15585; Para: 3; Accountabilities: Direct: Nima Dukpa, Gup, CID # 11216000379; Supervisory: Nima Dukpa, Gup, CID # 11216000379.*

Status: Observation not settled.

3.2. INADMISSIBLE PAYMENT DUE TO EXECUTION OF SUBSTANDARD WORK - NU.0.036 MILLION

The Gewog Administration, Tendruk had made inadmissible payment of Nu.0.036 million in the Tenduthrang RWSS for execution of substandard works while laying of pipes, with about 600 meters of pipes found exposed due to trenches not meeting the required depth of one feet excavation. The execution of substandard works are indicative of lack of supervision and monitoring of the work at site by the site engineer and the Gewog Administration. *AIN: 15585; Para: 4; Accountabilities: Direct: Nima Dukpa, Gup, CID # 11216000379; Supervisory: Nima Dukpa, Gup, CID # 11216000379.*

Status: Observation settled. The principal amount was changed to Nu. 780.00 based on the letter No. RAA/OAAG-Plig/Ten-Gw-B16/2019/282 dated 8/5/2019 and an amount of Nu.1,279.54 deposited with the RAA vide receipt No. 01838 dated 17/09/2021 settling the observation.

4. Shortfalls, Lapses and Deficiencies – Nu.0.417 million

There were case of shortfalls, lapses and deficiencies involving Nu.0.522 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
4.1	Excess payment due to acceptance of claims for engagement of machineries on hourly basis beyond the prescribed working hours	0.105	0.105	-
4.2	Excess payments due to difference in the quantities recorded in MmB and actual quantities executed at site	0.417	-	0.417
	Total	0.522	0.105	0.417

4.1. EXCESS PAYMENT DUE TO ACCEPTANCE OF CLAIMS FOR ENGAGEMENT OF MACHINERIES ON HOURLY BASIS BEYOND THE PRESCRIBED WORKING HOURS - NU.0.105 MILLION

The Gewog Administration, Tendruk had made excess payment of Nu.0.105 million due to acceptance of claims for engagement of machineries on hourly basis beyond the prescribed working hours. In addition, the claims were not supported with adequate documentation such as PART-III, required to be maintained for all departmentally executed works, to determine the number of hours of machineries engaged and volume of work executed. Further, the site engineers had not validated the number of hours worked, other than the *Lajab* and the machine operator. *AIN: 15585; Para: 1; Accountabilities: Direct: Nima Dukpa, Gup, CID # 11216000379; Supervisory: Nima Dukpa, Gup, CID # 11216000379.*

Status: *Observation has been settled vide follow-up letter No.RAA/OAAG-Pling/Ten-Gw-B16/2021/1225 dated 03/11/2021.*

4.2. EXCESS PAYMENTS DUE TO DIFFERENCE IN THE QUANTITIES RECORDED IN MB AND ACTUAL QUANTITIES EXECUTED AT SITE - NU.0.417 MILLION

The Gewog Administration, Tendruk had made excess payment of Nu.0.417 million during the financial year 2016-2017 to the contractors for construction works under the Gewog including:

- construction of farmroad from Kuchin to Jumseling; and
- construction of pipe line for irrigation channel at Kachin.

The contractors were found paid in excess of quantities actually executed at site. The lapses had occurred due to inadequate supervision and monitoring, and improper verification of the bills with respect to the actual quantity of works executed at site. *AIN: 15585; Para: 2; Accountabilities: Direct: Nima Dukpa, Gup, CID # 11216000379; Supervisory: Nima Dukpa, Gup, CID # 11216000379.*

Status: *Observation not settled. The amount of Nu. 0.417 million along with 24% penalty stands recoverable.*

1.3.3.8 GEWOGS ADMINISTRATION UNDER SARPANG DZONGKHAG

I. GELEGPHU

During the year, the RAA conducted one audit of the Gewog Administration, Gelegphu under Sarpang Dzongkhag. There was one observation which was not resolved prior to the compilation of the

draft AAR 2018. The significant irregularity was reported in the draft AAR 2018.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Gewog and the unsettled irregularity reported to the Parliament in October 2021 was settled as on 31 March 2022 as narrated below.

SL No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
1	Non-compliance to Laws and Rules	-	-	-	100
	Total	-	-	-	

The details of unsettled irregularities reported to the Parliament in October 2021 which got settled as on 31 March 2022 is as discussed below:

1. Non-compliance to Laws and Rules

1.1 DELAY IN EXECUTION OF RWSS AND LIABLE LIQUIDATED DAMAGES

The Gewog Administration, Gelegphu had significant delays in the construction of RWSS under the Gewog. The contract was awarded to M/s P.T. Construction on 23 June 2016 and was scheduled to be completed on 23 June 2017. However, the actual progress of work at site was found delayed by more than eight months at the time of audit in February 2018. The delay had even crossed the maximum Liquidated Damages (LD) period and the contractor was liable for LD of 10% on the final contract price. In addition, the contract had not been terminated for breach of contract caused by the delay. Further, the project also had improper feasibility study, flaw in design and wrong alignment of pipeline. *AIN: 15389; Para: 1; Accountabilities: Direct: Ugyen Wangchuk, Gup, CID # 11306002353; Supervisory: Ugyen Phuntsho, Gewog Engineer, EID # 20140103485.*

Status: Observation has been settled based on follow-up report No. RAA/OAAG(T)/FUS-02/2021-2022/0290 dtd. 08/11/2021.

1.3.3.9 GEWOGS ADMINISTRATION UNDER THIMPHU DZONGKHAG

II. MAEDWONG

During the year, the RAA conducted one audit of the Gewog Administration, Maedwong under Thimphu Dzongkhag. There were seven observations amounting to Nu.1.496 million of which none were resolved prior to the compilation of the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.1.496 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Gewog Administration, observations amounting to Nu.1.224 million were resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.0.272 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Gewog and the unsettled irregularity of Nu. 0.045 million reported to the Parliament in October 2021 was settled as on 31 March 2022 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
1	Shortfalls, Lapses and Deficiencies	0.045	0.045	-	100
	Total	0.045	0.045	-	

The details of unsettled irregularity reported to the Parliament in October 2021 which got settled as on 31 March 2022 is as discussed below:

1. Shortfalls, Lapses and Deficiencies - Nu.0.045 million

1.1 EXCESS PAYMENT MADE TO CONTRACTOR - NU.0.045 MILLION

The Gewog Administration, Maedwong had made excess payment of Nu.0.045 million to the contractor due to acceptance of quantity in excess of the quantity actually executed at site in the construction of Bjemina to Lingzhiphakha Farm Road. The lapses indicated control weakness. *AIN: 15414; Para: 2.1; Accountabilities: Direct: Tshewang Samdrup, Assistant Engineer, EID # 200311004; Phurba Sherpa, Community Contractor, CID #11407001893; Supervisory: Chhabi Lal Das, Dzongkhag Engineer, EID # 8808036.*

Status: Observation settled based on the details of adjustment worked and submitted by the Gewog and the balance amount of Nu.8,083.97 deposited into ARA on 01/10/2021 vide letter No.TDA/DEHS/6/2021-2022/285, dated 01/10/2021.

1.3.3.10 GEWOGS ADM. UNDER TRASHIGANG DZONGKHAG

I. PHONGMEY

During the year, the RAA conducted one audit of the Gewog Administration, Phongmey under Trashigang Dzongkhag. There was one observation which was not resolved prior to the compilation of the draft AAR 2018. The unresolved significant irregularity reflected in the AAR 2018 is as summarised below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Gewog, however the unsettled irregularity reported to the Parliament in October 2021 remained unsettled as on 31 March 2022 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
1	Shortfalls, Lapses and Deficiencies	-	-	-	-
	Total	-	-	-	

The details of unsettled irregularity reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 is as discussed below:

1. Shortfalls, Lapses and Deficiencies

1.1. NON EXECUTION OF RENOVATION WORK OF BUMPA LHAKHANG

The Gewog Administration, Phongmey had not executed the renovation works of Bumpa Lhakhang even after two financial years. The renovation of Bumpa Lhakhang was awarded as a Community Contract on 10 January 2016 and scheduled to be completed on 10 January 2018. However, the contractor has only mobilized the construction materials at site and had not commenced works even at the time of audit in February 2018. The lapses had apparently occurred due to failure on the part of Gewog Administration to obtain the approval from relevant authorities. *AIN: 15322; Para: 1; Accountabilities: Direct: Pelden Dorji, Gup, CID # 11509000811; Supervisory: Kinley Penjor, GAO, EID # 200803059.*

Status: *Observation not settled. The issue was deliberated during the PAC consultative meeting held on 2 Aug. 2021 in the DYT hall of Trashigang Dzongkhag and the Gup reported that the construction was completed as of now and the report was ready to be submitted to RAA. It was decided that, Dzongkhag Administration (Cultural Department) should verify the report and submit it to RAA by 31 Aug. 2021 for review and appropriate decision.*

However, the observation remained unresolved as the RAA did not receive any report from the Gewog as of 31 March 2022.

II. KANGLUNG

During the year, the RAA conducted one audit of the Gewog Administration, Kanglung under Trashigang Dzongkhag. There were three observations amounting to Nu.0.210 million of which one observation amounting to Nu.0.018 million was resolved prior to the compilation of the draft AAR 2018. The significant irregularity reported in the draft AAR 2018 amounted to Nu.0.192 million.

The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.0.192 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Gewog and the unsettled irregularities of Nu. 0.192 million reported to the Parliament in October 2021 was settled. However, one observation without involvement of amount under Non-compliance to Laws and Rules remained unresolved as on 31 March 2022 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
1	Mismanagement	0.192	0.192	-	100
2	Non-compliance to Laws and Rules	-	-	-	-
	Total	0.192	0.192	-	

The details of unsettled irregularities reported to the Parliament in October 2021, irregularities resolved thereafter and the unsettled one as on 31 March 2022 is as discussed below:

1. Mismanagement

1.1. NON-DEPOSIT OF RENT COLLECTION IN THE RGR ACCOUNT - NU.0.192 MILLION

The Gewog Administration, Kanglung had not deposited Nu.0.192 million collected as rent into the RGR Account during the financial year 2016-2017. The collections from rental of old Gewog office, old collection shed and RNR quarter were found deposited into the Gewog CD account in contravention to the Revenue Accounting Manual 2004. The collections were found retained for meeting contingency expenses by the Gewog. *AIN: 15327; Para: 3; Accountabilities: Direct: Kinzang Dorji, Gup, CID # 11503004683; Supervisory: Kinzang Dorji, Gup, CID # 11503004683.*

Status: *Observation has been settled based on the consideration made by the Ministry of Finance for retaining the rent by the Gewog.*

2. Non-compliance to Laws and Rules

2.1. ACQUISITION OF LAND AND BUILDING AT YONGPHU LHAKHANG WITHOUT APPROVAL

The Gewog Administration, Kanglung had acquired 0.229 acres of private land with a one-storied building and 1.909 acres of land for Yonphu Lhakhang at the total lump sum cost of Nu.3.000 million during the financial year 2015-2016 without prior approval from competent authority. Nu.2.000 million was met from the GDG in contravention to the GDG Guidelines 2014 and Nu.0.067 million was met from Gewog CD Account in the financial year 2016-2017. The lapses had apparently occurred due to failure on the part of Gewog Administration to follow due processes while acquiring the private property as required by the Land Act 2007 of Bhutan and failure to adhere to GDG Guidelines 2014. The Gewog Administration has also failed to seek necessary guidance from the Dzongkhag Authorities while acquiring the property. *AIN: 15327; Para: 2; Accountabilities: Direct: Kinzang Dorji, Gup, CID # 11503004683; Supervisory: Kinzang Dorji, Gup, CID # 11503004683.*

Status: *Observation not settled. The issue was deliberated during the PAC consultative meeting held on 2 Aug. 2021 in DYT hall of Trashigang Dzongkhag where the Gup reported that this issue remained unresolved because the transfer of ownership (Tharm) was still under process. However, the Gewog Administration has appealed to the Gelpoi Zimpon and the Tharm is soon going to be issued.*

The RAA stated that sufficient documents are required to prove the legitimacy of the ownership of the land. Further, the Gewog Administration is requested to update RAA after the Tharm is being received.

However, the observation remained unsettled as the Gewog did not submit land valuation report as per PAVA and the Lagthram as of 31 March 2022.

1.3.3.11 GEWOGSADM. UNDER TRASHIYANGTSE DZONGKHAG

I. BOOMDELING

During the year, the RAA conducted one audit of the Gewog Administration, Boomdeling under Trashiyangtse Dzongkhag. There was one observation which was not resolved prior to the compilation of the draft AAR 2018. The significant irregularity was reported in the draft AAR 2018. The unresolved significant irregularity reflected in the AAR 2018 is as summarised below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Gewog, however, the unsettled irregularity reported to the Parliament in October 2021 remained unsettled as on 31 March 2022 as discussed below.

SL No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
1	Non-compliance to Laws and Rules	-	-	-	-
	Total	-	-	-	

The details of unsettled irregularities reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 is as discussed below:

1. Non-compliance to Laws and Rules

1.1. DELAY IN COMPLETION OF BRIDGE CONSTRUCTION AND LIABLE LIQUIDATED DAMAGES

The Gewog Administration, Boomdeling had substantial delays in the completion of construction of 125 meter Suspended Bridge at Tobrang for which M/s Banga Construction, Trashiyangtse was liable for liquidated damages. The construction work which started on 11 March 2016 and scheduled for completion on 11 December 2016 was delayed and found incomplete even at the time of audit in January 2018. In addition, Nu.5.698 million representing 92% of the total contract value of Nu.6.193 million was paid to contractor leaving a balance of Nu.0.495 million. The lapses had occurred mainly because of the failure to supervise and monitor the work progress on time. *AIN: 15105; Para: 1; Accountabilities: Direct: Nima Wangdi, AE, EID # 20150105088; Supervisory: Mani Wangdi, Gup, CID # 11601001060.*

Status: *Observation not settled. The issue was deliberated during the PAC consultative meeting held on 3 Aug. 2021 in DYT hall of Trashigang Dzongkhag where the Gup reported that the work was completed and all the documents were ready for submission. However, due to their failure to report the same to RAA, this issue had remained unsettled.*

The PAC directed that Gewog Administration to submit work completion report to RAA by 31 Aug. 2021 for review and appropriate decision.

However, the observation remained unsettled as although the Gewog has submitted the work completion report vide letter No. Yangdzong/Zorig(15)2021-2022/24 of 10/08/2021 liquidated damages for late completion of the work was not recovered as of 31 March 2022.

1.3.3.12 GEWOGS ADMINISTRATION UNDER TRONGSA DZONGKHAG

I. Langthel

During the year, the RAA conducted one audit of the Gewog Administration, Dragteng under Trongsa Dzongkhag. There were six observations amounting to Nu.0.876 million of which two observations amounting to Nu.0.450 million were either resolved prior to the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.0.426 million.

The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.0.426 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Gewog and the unsettled irregularities of Nu. 0.258 million reported to

the Parliament in October 2021 was settled, however, one irregularity remained unsettled due to non-recovery of 24% pa penalty as on 31 March 2022 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
1	Shortfalls, Lapses and Deficiencies	0.258	0.258	-	-
	Total	0.258	0.258	-	

The details of unsettled irregularities reported to the Parliament in October 2021, the irregularities settled thereafter and the unsettled one as on 31 March 2022 is as discussed below:

1. Shortfalls, Lapses and Deficiencies

There were cases of shortfalls, lapses and deficiencies involving Nu.0.258 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
1.1	Excess payment in the renovation of Toedchu Irrigation Channel	-	-	Unsettled
1.2	Payment for non/partial receipt of goods	0.258	0.258	-
	Total	0.369	0.258	-

1.1. EXCESS PAYMENT IN THE RENOVATION OF TOEDCHU IRRIGATION CHANNEL - NU.0.061 MILLION

The Gewog Administration, Langthel had made excess payment of Nu.0.061 million to M/s Yundro construction, Trongsa for the Renovation of Toedchu Irrigation channel. The contractor was found paid for excess height of RRM wall than actually provided at site. The lapses are indicative of inadequate monitoring and supervision of the site during the execution as well as failure to exercise due diligence in certifying the claims of the contractor. *AIN: 15500; Para: 2; Accountabilities: Direct: Sonam Tshering, JE, EID # 20140103506; M/s Yundro construction, Trongsa, CBD # 7799; Supervisory: Sonam Dendup, Gup, CID # 11703000276.*

Status: *Observation not settled due to non recovery of accumulated 24% p.a. penal interest of Nu.0.029 million although the principal amount of Nu.0.061 million was deposited into ARA vide R/No.02071 dated 31/08/2021.*

1.2. PAYMENT FOR NON/PARTIAL RECEIPT OF GOODS - NU.0.258 MILLION

The Gewog Administration, Langthel had released full payment of Nu.0.400 million without receiving the materials valuing Nu.0.258 million for the construction of Lhakhang in Pangzur. During the physical verification at site, roofing materials worth Nu.0.258 million was not available, although the payment was made. The lapses had occurred apparently due to lack of proper monitoring and supervision, and inadequate verification of invoice quantity and material received at site by the responsible officials. *AIN: 15500; Para: 3; Accountabilities: Direct: Namgyel, Tshogpa, CID # 11703000602; Supervisory: Tashi Dorji, GAO, EID # 200803039.*

Status: Observation has been settled based on the joint verification report letter No. Langthel/Adm/(02)2021-2022/52 dated 30/08/2021 as it was reported that CGI sheets and other items were received and installed with the pictorial evidences.

II. NUBI

During the year, the RAA conducted one audit of the Gewog Administration, Nubi under Trongsa Dzongkhag. There were five observations amounting to Nu.3.034 million of which none were resolved prior to the compilation of the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.3.034 million.

The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.3.034 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Gewog and out of the total unsettled irregularities of Nu. 3.034 million reported to the Parliament in October 2021, Nu.0.551 million was settled leaving a balance of Nu.2.483 million as on 31 March 2022 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
1	Shortfalls, Lapses and Deficiencies	3.034	0.551	2.483	18
	Total	3.034	0.551	2.483	

The details of unsettled irregularities reported to the Parliament in October 2021, irregularities settled thereafter and the unsettled ones as on 31 March 2022 are as discussed below:

1. Shortfalls, Lapses and Deficiencies – Nu.2.483 million

There were cases of shortfalls, lapses and deficiencies involving Nu.3.034 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
1.1	Outstanding advances	2.010	-	2.010
1.2	Payment of final bills without completion of work	-	-	-
1.3	Payment made for works not/less executed	1.024	0.551	0.473
	Total	3.034	0.551	2.483

1.1. OUTSTANDING ADVANCES - NU.2.010 MILLION

The Gewog Administration, Nubi had overdue PW Advances amounting to Nu.2.010 million during the year 2016-2017. Nu.0.310 million pertained to M/s P. Norbu Construction, Nu.0.167 million pertained to M/s Jorden Construction and Nu.1.533 million was lying unadjusted against the Dzongda, Dzongkhag Administration, Trongsa. The non-liquidation of advances even after completion of works was in deviation to the provisions of the FRR. *AIN: 15512; Para: 1; Accountabilities: Direct: Phuntsho Galley, JE, EID # 20140103513; M/s P Norbu Construction, Contractor, CDB # 5333; Supervisory: Rinzin*

Dorji, Planning Officer, CID # 11410000678; Ugyen Tenzin, Gup, CID # 11704000066.

Status: *Observation not settled. This observation was deliberated during the PAC consultative meeting held on 5 Aug. 2021 in the DYT hall of Trongsa Dzongkhag where the Gewog Adm. reported that the contract work was awarded to three contractors. In case of first contractor, material advance was paid to the contractor (P. Norbu Construction) but the contractor didn't do the work. The work was then completed by community people. The gewog administration followed up with the contractor but there was no positive response from him. Therefore, legal recourse was sought against the contractor for the recovery of Nu. 310,000/- In the case of contractor No. 2, a sum of Nu. 167,000/- is recoverable from him but he is in prison at present. The work of Nu. 1,533,000/- million has been completed by contractor No. 3 and the documents are yet to be submitted to RAA.*

The RAA expressed that it has been almost four years since this issue is pending and a legal measure seems to be the only possible solution to resolve this issue. The PAC directed the Gewog Administration to submit the documents of the works completed and take legal action against the two defaulting contractors by 31 Aug. 2021 and report to RAA.

However, the observation remained unresolved as no further action taken report was received by the RAA from the Gewog as of 31 March 2022.

1.2. PAYMENT OF FINAL BILLS WITHOUT COMPLETION OF WORK

The Gewog Administration, Nubi had released full payment of final RA bills to the contractors without having completed the construction of farm roads. M/s Trophel Construction was paid Nu.1.197 million for the improvement of Chunipang to Karshong farm road and M/s Norwang Construction was paid Nu.1.204 million for the improvement of Chunipang to Drenzhi farm road on 23 June 2017. The release of full payment without completing the works was irregular and in violation of the FRR. *AIN: 15512; Para: 2; Accountabilities: Direct: Phuntsho Galley, JE, EID # 20140103513; Supervisory: Ugyen Tenzin, Gup, CID # 11704000066.*

Status: *Observation not settled. This observation was deliberated during the PAC consultative meeting held on 5 Aug. 2021 in the DYT hall of Trongsa Dzongkhag where the Gewog Adm. reported that M/s Trophel Construction had completed the work and the report was submitted to RAA.*

With regard to M/s Noryang Construction, the work was reported still pending and the contractor missing. It was stated that the contractor did not renewed his contract license with CDB but is believed to be working in the name of another person. However, the Gewog Adm. gave assurance to contact the contractor and resolve the issue; if not will take legal recourse.

It was decided that, Gewog Administration should submit documents related to the works completed by M/s Trophel Construction & take legal recourse against M/s Noryang Construction and intimate RAA by 31 Aug. 2021.

However, the observation remained unresolved as no further action taken report was received by the RAA from the Gewog as of 31 March 2022.

1.3. EXCESS PAYMENT FOR WORKS NOT/LESS EXECUTED - NU.0.473 MILLION

a) The Gewog Administration, Nubi had made excess payment of Nu.0.551 million to M/s Norwang Construction, Trongsa for items of works not/short executed in the improvement of Chunipang to Drenzhi farm road. The excess payment had occurred due to release of payments to the contractor without actual completion of the work in all respects to avoid lapse of fund. *AIN: 15512; Para: 3; Accountabilities: Direct: Phuntsho Galley, JE, EID # 20140103513; M/s Norwang Construction, Contractor, CDB # 7609; Supervisory: Tashi Penden, Ex-Gup, 11704001027.*

Status: This observation has been settled based on the the joint measurement carried out vide letter No. GAN/GD-01/2021-2022/1860 dated 13 August and discussion made between the Dzongkhag Administration, Trongsa and the RAA on 26 August 2021

b) Similarly, excess payment of Nu.0.389 million was made to M/s Trophel Construction, Trongsa for items of works not/short executed in the item of work 'Lined V-shaped drain' in the improvement of Chunipang to Karshong farm road. The excess payment had occurred due to release of payments to the contractor without actual completion of the work in all respects to avoid lapse of fund. *AIN: 15512; Para: 4; Accountabilities: Direct: Phuntsho Galley, JE, EID # 20140103513; M/s Trophel Construction, Contractor, CDB # 3988; Supervisory: Tashi Penden, Ex-Gup, 11704001027.*

Status: Observation not settled. The issue was deliberated in the PAC consultative meeting held on 5 Aug. 2021 in the DYT hall of Trongsa Dzongkhag where the Gewog Adm. reported that the excess payments made to Trophel Construction should have been adjusted during the settlement of the final bill. The PAC advised the Gewog Adm. to submit the details of settlement of the amount to RAA by 31 Aug. 2021 for review and appropriate decision.

However, the observation remained unresolved as of 31 March 2022.

c) The Gewog Administration had made excess payment of Nu.0.084 million to M/s Jongthang Medey Khabab, Trongsa in the improvement of Jongthangto Karshong farm road. The contractor was found paid for RRM box drain instead of RRM L-shaped drain. The lapses had occurred apparently due to inadequate monitoring and supervision of the site during execution and failure to exercise due diligence in certifying the claims of the contractor. *AIN: 15512; Para: 5; Accountabilities: Direct: Tobgay EE, EID # 201101170; Supervisory: Ugyen Tenzin, Gup, CID # 11704000066.*

Status: Observation not settled. The issue was deliberated in the PAC consultative meeting held on 5 Aug. 2021 in the DYT hall of Trongsa Dzongkhag where the Gewog Adm. affirmed that there was a shortfall of work executed by Nu. 84,000/-, however, this amount can be recovered from 10% security deposit of the contractor. The PAC advised the Gewog Adm. to recover the amount and deposit with the RAA by 31 Aug. 2021.

However, the observation remained unresolved as of 31 March 2022 as the amount was not recovered.

IV. KORPHOOG

During the year, the RAA conducted one audit of the Gewog Administration, Korphoog under Trongsa Dzongkhag. There were six observations amounting to Nu.3.920 million of which two observations amounting to Nu.0.050 million did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.3.870 million.

The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.3.870 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Gewog and out of the total unsettled irregularities of Nu. 3.797 million reported to the Parliament in October 2021; Nu.3.706 million was settled leaving a balance of Nu.0.091 million as on 31 March 2022 as shown in the table below.

SL No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
1	Mismanagement	3.706	3.706	-	100
3	Shortfalls, Lapses and Deficiencies	0.091	-	0.091	-
	Total	3.797	3.706	0.091	97.60

The details of unsettled irregularities reported to the Parliament in October 2021, irregularities resolved thereafter and the unsettled one as on 31 March 2022 is as discussed below:

1. Mismanagement

1.1. WASTEFUL EXPENDITURE IN THE CONSTRUCTION OF MALING IRRIGATION WORK - NU.3.706 MILLION

The Gewog Administration, Korphoog had incurred wasteful expenditure of Nu.3.706 million in the construction of Maling Irrigation work. M/s Kezang Norbu Construction, Zhemgang was awarded the contract for Maling Irrigation work at the contract amount of Nu.4.738 million. Accordingly, the HDPE pipes of 225 mm dia valuing Nu.3.706 million was procured and laid by the contractor. The project proposal apparently was not well conceived as the irrigation work was specifically for the dry land and the potential benefits to the community were not visible and only a handful of intended beneficiaries owning dry land at the particular location was benefitted. Since irrigation facilities are usually constructed for wet land cultivations, the RAA was unable to comprehend how the project was proposed and approved.

In addition, there were damages to segments of pipelines due to construction of farm road from Nimshong to Lhakhang which had not been rectified by the community or the Gewog Administration and were found discarded below the road rendering the scheme non-functional. The lapses had apparently occurred due to lack of proper planning of the project before its implementation. *AIN: 15514; Para: 5; Accountabilities: Direct: Sangay Khandu, Gup, CID # 11702001343; Supervisory: Sangay Khandu, Gup, CID # 11702001343.*

Status: Observation has been settled based on the completion report sent vide letter No.Korphu /36/2021/37 dated 23/08/2021 and handing/taking note letter No. KG-ADM(05)/2021-22/ dated 19/08/2019 and reviewed by AAG, Bumthang on 19/08/2021.

2. Shortfalls, Lapses and Deficiencies - Nu.0.091 million

2.1. OUTSTANDING ADVANCES - NU.0.091 MILLION

The Gewog Administration, Korphoog had overdue advances amounting to Nu.0.091 million during the year 2016-2017. The non-liquidation of advances even after completion of works was in deviation to the provisions of the FRR. *AIN: 15514; Para: 1; Accountabilities: Direct: Tshetrim Dorji, Ex-Gup, CID # 9912221u; Tshering Dendup, Accountant, EID # 2003070157; Supervisory: Tshetrim Dorji, Ex-Gup, CID # 9912221; Sangay Khandu, Gup, CID # 11702001343.*

Status: Observation not settled. This issue was deliberated during the PAC consultative meeting held on 5 Aug.2021 in the DYT hall of the Trongsa Dzongkhag and the Gewog Adm. reported that outstanding advance of Nu. 85,000/- was adjusted and the documents submitted to RAA in June 2021. However, the balance amount of Nu. 6,000/- paid as an advance to the former Gup was to be recovered.

As per the records of the RAA the amount remained unsettled as of 5 Aug.2021. Therefore, the Gewog was requested to resubmit adjustment/recovery details to OAAG Bumthang for review and settlement of the outstanding. It was also decided that balance amount should also be recovered on or before 31 Aug. 2021 and report to the RAA for settlement of this issue.

However, the issue remained unsettled as the amounts were not recovered as of 31 March 2022. A reminder letter was issued vide letter No.RAA-BT/Fus-01/2021/512 dated 15/04/2021.

1.3.3.13 GEWOGS ADMINISTRATION UNDER TSIRANG DZONGKHAG

IV. PATSHALING

During the year, the RAA conducted one audit of the Gewog Administration, Patshaling under Tsirang Dzongkhag. There were four observations amounting to Nu.0.896 million of which one observation amounting to Nu.0.013 million did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.0.833 million.

The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.0.883 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Gewog and all the irregularities were settled as of 31 March 2022 as detailed below.

SL No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
1	Non-compliance to Laws and Rules	-	-	-	-
	Total	-	-	-	

The details of unsettled irregularities reported to the Parliament in October 2021 which got settled as of 31 March 2022 is as discussed below:

1. Non-compliance to Laws and Rules

1.1. DEFECTIVE WORKS IN CONSTRUCTION OF KITCHEN-CUM-STORE

The Gewog Administration, Patshaling had not rectified defective works noted in the construction of Kitchen-cum-Store at Dhupi-dara Mandhir constructed by M/s Bahadur Construction, Tsirang. The hanging ceiling covering the plinth area was not painted properly; the walls were not white-washed after installation of earthing wires; the earthing plate could not be located at the area pointed out by the site engineer due to soil piled on top. The defective works indicated taking over of the works without proper verification and poor workmanship. *AIN: 15108; Para: 1; Accountabilities: Direct: Sita Ghalley, AE, EID # 200030703; Supervisory: Chabi Kumar Rai, Gup, CID # 11802001003.*

Status: *Observation has been settled vide follow-up letter No. RAA/OAAG(T)/FUS-02/2021-2022/0188, Date: 08/09/2021.*

1.3.4 AUTONOMOUS AGENCIES

1.3.4.1 BHUTAN COUNCIL FOR SCHOOL EXAMINATIONS AND ASSESSMENT

During the year, the RAA conducted one audit of Bhutan Council for School Examinations and Assessment. There were five observations amounting to Nu.0.866 million of which one observation amounting to Nu.0.433 million were either resolved prior to the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.0.433 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Council, two observations amounting to Nu.0.120 million was resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.0.313 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the management and out of the balance unsettled irregularities of Nu. 0.263 million reported to the Parliament in October 2021; Nu.0.120 million was settled leaving a balance of Nu.0.143 million as on 31 March 2022 as shown in the table below.

SL No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
1	Mismanagement	0.263	0.120	0.143	45.63
	Total	0.263	0.120	0.143	

The details of unsettled irregularity reported to the Parliament in October 2021, the amount of irregularity settled thereafter and the unsettled balance as on 31 March 2022 is as discussed below:

1. Mismanagement – Nu.0.263 million

There was a case of mismanagement amounting to Nu.0.263 million as indicated below:

1.1 EXCESS/INADMISSIBLE PAYMENT OF TA/DA FOR TRAVEL IN-COUNTRY - NU.0.263 MILLION

The Bhutan Council for School Examinations and Assessment (BCSEA) had made excess/inadmissible payments amounting to Nu.0.739 million on account of TA/DA to employees as under:

- Amount of Nu.0.442 million pertained to inadmissible TA/DA paid for travel to/from venue before/after workshops/programs organised by BCSEA but the officials had not actually halted at the station as claimed;
- As per agreement drawn between Bhutan Post and the BCSEA the responsibility to collect and drop papers/questionnaires was entrusted to Bhutan Post. However, inadmissible TA/DA amounting to Nu.0.032 million was paid to school Principals for collecting and dropping of Questionnaires and Answer Sheets to Bhutan Post offices;
- Nu.0.019 million pertained to excess payments to officials on account of ex-country travels. Full DSA was claimed from Thimphu to Paro and from Paro to disembarking country on same date. Half DSA for return travels from Paro to place of residence were claimed and paid at third country DSA rates; and
- Nu.0.246 million pertained to full DSA paid to officials for return journey for travel durations that were less than twelve hours.

The claims and payment did not adhere to travel rules and regulations indicating lack of proper

financial controls and administrative weakness. As of 31 March 2019, the balance amount recoverable was Nu.0.313 million. *AIN: 15333; Para: 1; Accountabilities: Direct: Kinley Namgay, Accounts Assistant, EID # 201007233; Supervisory: Dorji Wangchuk, Acting HR/Admin. Officer, EID # 200501364.*

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 8 Sept. 2021 where the HRO of BCSEA reported that, in BCSEA involvement of teachers with activities is huge especially in exam papers evaluation. The main reason for excess payments were due to inadmissible claims made by the teachers. HRO followed up with the teachers in recovering the same and accordingly some amounts were recovered. As of now, the HRO reported that Nu. 2,56,000/- was to be recovered from 876 teachers. Unfortunately, some teachers resigned, some got transferred and some were on EOL.*

RAA requested BCSEA to submit a list of teachers from whom the amount were recovered. The PAC advised BCSEA to submit the requisite details to RAA by 30 Sept.2021 and recover the balance amount from the accountable individuals.

Subsequently out of the total unsettled balance of Nu.0.263 million reported earlier; Nu. 0.120 million was recovered leaving a balance of Nu.0.143 million as of 31 March 2022. A follow-up report has been sent vide letter No. RAA/FUCD(W51-BCSEA)2021/2285 dated 07/12/2021.

1.3.4.4 CIVIL SOCIETY ORGANIZATION AUTHORITY, THIMPHU

During the year, the RAA conducted one audit of Civil Society Organization Authority, Thimphu. There was one observation amounting to Nu.0.044 million which was not resolved prior to the compilation of the draft AAR 2018. The significant irregularity reported in the draft AAR 2018 amounted to Nu.0.044 million.

The unresolved significant irregularity reflected in the AAR 2018 amounted to Nu.0.044 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the management and the unsettled irregularities of Nu. 0.044 million reported to the Parliament in October 2021 was settled as on 31 March 2022 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
1	Non-compliance to Laws and Rules	0.044	0.044	-	100
	Total	0.044	0.044	-	

The details of unsettled irregularities reported to the Parliament in October 2021 which got resolved as on 31 March 2022 is as discussed below:

1. Non-compliance to Laws and Rules

1.1 WRONG BOOKING OF EXPENDITURE - NU.0.044 MILLION

The Civil Society Organization Authority had made wrong booking of expenditure amounting to Nu.0.044 million incurred on wages to sweeper under 54.03: *Maintenance of Property - Building* instead of booking it under 1.02: *Other Personnel Emoluments*, which was in violation to the financial norms. *AIN: 15075; Para: 1; Accountabilities: Direct: Tshewang Tobgyel, Member Secretary, EID # 9507319; Supervisory: Radhika Adhikari, Accounts Assistant, EID # 9507319.*

Status: Observation has been settled vide follow-up report No.RAA/FUCD(W45-CSOA)2021/816 dated 20/05/2021.

1.3.4.6 KHESAR GYALPO UNIVERSITY OF MEDICAL SCIENCE OF BHUTAN

During the year, the RAA conducted one audit of Khesar Gyalpo University of Medical Science, Thimphu. There were 10 observations amounting to Nu.0.945 million of which five observations amounting to Nu.0.752 million were either resolved prior to the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.0.193 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the University, one observation was resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.0.193 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the management and out of the total unsettled irregularities of Nu. 0.193 million reported to the Parliament in October 2021; Nu.0.081 million was settled leaving a balance of Nu.0.112 million as on 31 March 2022 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
1	Shortfalls, Lapses and Deficiencies	0.193	0.081	0.112	-
	Total	0.193	0.081	0.112	

The details of unsettled irregularities reported to the Parliament in October 2021, irregularities settled thereafter and the unsettled ones as on 31 March 2022 are as discussed below:

1. Shortfalls, Lapses and Deficiencies – Nu.0.112 million

There were cases of shortfalls, lapses and deficiencies amounting to Nu.0.193 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in Million	Balance Nu. In Million
1.1	Non-adjustment of PW advances	0.081	0.081	-
1.2	Un-reconciled fund balance	0.041	-	0.041
1.3	Non-production of disbursement vouchers	0.071	-	0.071
1.4	Non-registration of the land in the name of KGUMSB	-	-	-
	Total	0.193	0.081	0.112

1.1 NON-ADJUSTMENT OF PW ADVANCES -NU.0.081 MILLION

The Khesar Gyalpo University of Medical Sciences of Bhutan (KGUMSB), Thimphu had overdue advances amounting to Nu.0.081 million lying unadjusted as on the date of audit. The amount of Nu.0.068 million was given as research grant advance to an official and balance amount of Nu.0.013 million pertained to double deposit of TDS with RRCO. *AIN: 15412; Para: 3.1; Accountabilities: Direct: Karma Choden, Lecturer, FNPH, EID # 20140900037; Supervisory: Dr. Nyezang Wangmo, Director, EID # 8602079.*

Status: Observation has been settled based on the letter No.KGUMSB/ACCTS-04/2020-2021/2157 dated 18/05/2021 and the amount of Nu.13, 452.00 deposited with the RAA vide receipt No.01618 dated 06/09/2021.

1.2 UN-RECONCILED FUND BALANCE OF NU.0.041 MILLION

The financial statements of the KGUMSB had total un-reconciled fund balance of Nu.0.041 million for two financial years (FY). Nu.0.037 million pertained to the FY ended 30 June 2014 and Nu.0.004 to the FY 30 June 2015. The lapse had apparently occurred due to non-reconciliation of fund on monthly basis as required by FRR. *AIN: 15412; Para: 3.2; Accountabilities: Direct: Wangchuk Dorji, Accounts Assistant, EID # 20140800033; Supervisory: Wangchuk Dorji, Accounts Assistant, EID # 20140800033.*

Status: Observation not settled. Follow-up report has been sent vide letter No. RAA/FUCD(W37-KGUMSB)2021/2212 dated 29/11/2021.

1.3 NON-PRODUCTION OF DISBURSEMENT VOUCHERS FOR NU.0.071 MILLION

The KGUMSB had not produced disbursement vouchers for the expenditure worth Nu.0.071 million for verification due to which the RAA could not ascertain the genuineness and the correctness of the payments made and recorded in the books of accounts. *AIN: 15412; Para: 3.5; Accountabilities: Direct: Sonam Tenzin, Accounts Assistant, EID # 20130500015; Supervisory: Wangchuk Dorji, Accounts Assistant, EID # 20140800033.*

Status: Observation not settled. This issue was deliberated during the PAC consultative meeting held on 8 Sept. 2021 in NA conference hall, Thimphu, and KGUMSB accepted their mistake for misplacing the disbursement vouchers by the accounts department. It was reported that, a total of four vouchers were misplaced amounting to Nu. 40,000/-, Nu. 13,000/-, Nu. 11,000/- & Nu. 5,000/-. Out of four missing vouchers, voucher amounting to Nu. 40,000/- was pertaining to the bill payments made to Holiday Hotel, Paro and vouchers amounting to Nu. 13,000/-, Nu. 11,000/- & Nu. 5,000/- were related to payments made to three individuals. The management tried to search for the documents but couldn't trace it.

RAA stated that if the original copy of the bills could not be traced then duplicate copy of the bill (payment made to Holiday Home - Paro) and acknowledgement of the payments received by three individuals can be acceptable. The PAC advised KGUMSB that such documents should be submitted to RAA by 31 March 2022 for review and appropriate decision.

However, the observation remained unsettled as of 31 March 2022. A follow-up report has been sent vide letter No. RAA/FUCD(W37-KGUMSB)2021/2212 dt.29/11/2021.

1.4 NON-REGISTRATION OF LAND IN THE NAME OF KGUMSB

The University of Medical Sciences of Bhutan was established on 2 May 2013 by the University of Medical Sciences Act of Bhutan 2012 and officially launched as the Khesar Gyalpo University of Medical Sciences of Bhutan (KGUMSB) on 28 Feb, 2015. Although the KGUMSB is functioning within the premises of JDWNRH, no proper demarcation of land have been defined. The Director, KGUMSB had requested the management to arrange for the arbitrary demarcation process with the Head of Maintenance Unit, JDWNRH. However, the management of KGUMSB had not followed-up with the JDWNRH for the demarcation process even after lapse of over four years after its initial discussion in 2014, which has deprived KGUMSB of the legal ownership of the land it is occupying presently. *AIN: 15412; Para: 4; Accountabilities: Direct: Karma Dhendup, Chief Architect, EID # 20130500004; Supervisory: Dr. Sithar Dorjee, Director, EID # 20171100082.*

Status: Observation not settled. This issue was deliberated during the PAC consultative meeting held on 8 Sept. 2021 in NA conference hall, Thimphu where KGUMSB reported that as directed by RAA, they followed up with the National Land Commission for transferring of Thram. However, NLC informed KGUMSB that they have no authority to follow up for transfer of Thram as the land is under the authority of JDWNRH. The President of JDWNRH further stated that they have received only the user right of the land from Thromde. However, the President stated that they will write to Thromde seeking for the transfer of the same.

It was decided that this issue should be followed up by the relevant authorities for resolving the same.

However, the observation remained unsettled as of 31 March 2022. A follow-up report has been sent vide letter No. RAA/FUCD(W37-KGUMSB)2021/2212 dt.29/11/2021.

1.3.4.8 PHUENTSHOLING THROMDE

During the year, the RAA conducted two audits of Phuentsholing Thromde. There were 36 observations amounting to Nu.8.141 million of which 12 observations amounting to Nu.0.159 million were either resolved prior to the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.7.982 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Thromde Administration, observations amounting to Nu.0.047 million were resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.7.935 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the management and out of the balance unsettled irregularities of Nu. 5.224 million reported to the Parliament in October 2021, Nu. 0.480 million was settled leaving a balance of Nu. 4.744 million as on 31 March 2022 as shown in the table below.

SL No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
1	Mismanagement	2.661	-	2.661	-
2	Non-compliance to Laws and Rules	-	-	-	-
3	Shortfalls, Lapses and Deficiencies	2.563	0.480	2.083	18.73
	Total	5.224	0.480	4.744	9.19

The details of unsettled irregularities reported to the Parliament in October 2021, the irregularities settled thereafter and the unsettled ones as on 31 March 2022 are as discussed below:

1. Mismanagement – Nu.2.661 million

There were cases of mismanagement amounting to Nu.2.661 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu.in million	Settled Nu. in Million	Balance Nu. In Million
1.1	Short deposit of revenue	0.159	-	0.159
1.2	Penalty for delay in deposit of cheque into CD Account	0.470	-	0.470
1.3	Short-accountal of Revenue Deposits	1.992	-	1.992
1.4	Non-remittance of statutory deductions	0.040	-	0.040

	Total	2.661	-	2.661
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1.1 SHORT-DEPOSIT OF REVENUE - NU.0.159 MILLION

The Phuentsholing Thromde Administration (PTA) had not deposited revenue collection of Nu.0.159 million into their CD Account. Against the total revenue collection of Nu.75.746 million (as per the deposit slips), the Thromde had made total deposit of Nu.75.587 million into the CD Account (as per the bank statement) resulting in short-deposit of Nu.0.159 million. The lapse had occurred apparently due to failure of the dealing officials to reconcile the collections and deposits of revenue on a monthly basis, and also due to failure on the part of the supervising officer to exercise necessary checks. *AIN: 15523; Para: 2; Accountabilities: Direct: Krishna Chettri, Accounts Assistant, EID # 9709054; Supervisory: R.B. Ghalley, Accounts Officer, EID # 8801083.*

Status: *Observation not settled. The amount of Nu. 0.159 along with 24 % penalty stands recoverable.*

1.2 PENALTY FOR DELAY IN DEPOSIT OF CHEQUE INTO CD ACCOUNT - NU.0.470 MILLION

The PTA had not deposited a cheque amounting to Nu.1.679 million received on account of parking fees from M/s Norzang Builders, Phuentsholing into CD Account. It was deposited only on 28/05/2018 after substantial delay of 14 months, upon pointing it out by the RAA. The delay in deposit had occurred apparently due to absence of periodic reconciliation of the collections and deposits of revenue, and due to laxity of the supervising officer to institute necessary checks. As of 31 March 2019, the penalty of Nu.0.470 million (i.e. $24\% \times 1,679,490.00 \times 14/12$) for delayed deposit was not recovered. *AIN: 15523; Para: 3; Accountabilities: Direct: Krishna Chettri, Accounts Assistant, EID # 9709054; Supervisory: R.B. Ghalley, Accounts Officer, EID # 8801083.*

Status: *Observation not settled. As per the 8th Follow-up Committee meeting held on 18/09/2020, it was decided to rephrase the observation to administrative action instead of asking for recovery of the amount as the amount was lying in the drawer and was not misused by the individual. However, the committee decided that the OAAG, Pling should obtain the deposits details and the assurance letter from the management. The assurance letter is awaited by the OAAG, Pling.*

1.3 SHORT-ACCOUNTAL OF REVENUE DEPOSITS - NU.1.993 MILLION

The PTA had short-accountal of revenue deposits amounting to Nu.1.993 million in its financial statements. The total amount credited as per bank statement was Nu.85.370 million against which only Nu.83.377 was recorded, resulting in short-accountal of Nu.1.993 million in the books of account maintained by the Thromde. The lapse had occurred apparently due to non- reconciliation of the revenue collections and deposits made by the dealing official and due to failure on the part of the supervising officer to exercise necessary checks to ensure that amount recorded are correct and validated. *AIN: 15523; Para: 5; Accountabilities: Direct: Kinzang Nidup, Accounts Asst., EID # 2107101; Supervisory: R.B. Ghalley, Accounts Officer, EID # 8801083.*

Status: *Observation not settled. The amount of Nu. 1.993 million stands recoverable and appropriate action needs to be taken.*

1.4 NON-REMITTANCE OF STATUTORY DEDUCTIONS - 0.040 MILLION

During the FYs 2016-17 and 2017-18, the PTA had not remitted to the RRCO, the salary tax and other statutory deductions of Nu.0.040 million made from the staffs employed under NAPA project which was in contravention to the requirement¹⁴ under the Revenue Accounting Manual. Further, the payment for the month of August 2017 remitted in cash was not supported with relevant documents

such as disbursement voucher and receipts, in absence of which the RAA could not ascertain its authenticity. The lapses had occurred due to failure of the dealing accounts personnel to remit the deduction to RRCO, Phuentsholing coupled with the failure on the part of the supervising officer to exercise due diligence. *AIN: 15523; Para: 10; Accountabilities: Direct: Krishna Chettri, Accounts Assistant, EID # 9709054; Supervisory: R.B. Ghalley, Accounts Officer, EID# 8801083.*

Status: *Observation not settled. The amount of Nu. 0.040 million along with 24% penalty stands recoverable and administration action needs to be taken.*

2. Non-compliance to Laws and Rules

2.1 CONSTRUCTION OF COMMUNITY CENTRE AT PASAKHA AND IRREGULARITIES THEREOF

The PTA had several irregularities in construction of Community Centre at Pasakha by M/s Mahayana Construction, Thimphu at the total cost of Nu.5.225 million with overall deviation of 92.89% above the initial bid amount of Nu.2.709 million. The irregularities in the construction are explained below:

2.1.3 DEFECTIVE ROOFING WORKS

Some portion of ceiling of the Community Centre was damaged with seepage of rainwater during heavy rainfall indicating poor workmanship of the contractor. The lapse had occurred due to contractor's failure to execute the work as per specifications and failure of site engineer to ensure the quality of work. *AIN: 15523; Para: 25.6; Accountabilities: Direct: Chopel, JE, EID # 200811026, Buddhi Man Darji, JE, EID # 200807191; Supervisory: Lobzang, EE, EID # 8403052.*

Status: *Observation not settled. Rectification report along with photographic evidence is awaited.*

3. Shortfall, Lapses and Deficiencies – Nu.2.083 million

There were cases of shortfalls, lapses and deficiencies amounting to Nu.2.593 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in Million	Balance Nu. in Million
3.1	Non-reconciliation of Revenue collected, deposited and reflected in the Bank Statement	-	-	Unsettled
3.2	Unidentified deposit in the bank statement	0.480	0.480	-
3.3	Non-adjustment of personal advances on time	0.279	-	0.279
3.4	Non-adjustment of PW Advances on time	0.273	-	0.273
3.5	Non-reconciliation of Monthly Accounts and irregularities thereof	0.401	-	0.401
3.7	Unexplained cumulative credit balance under the object code 87.22-Other Recoveries	1.100	-	1.100
3.10	Non-adjustment of outstanding PW advances	0.030	-	0.030
	Total	2.563	0.480	2.083

3.1 NON-RECONCILIATION OF REVENUE COLLECTED, DEPOSITED AND REFLECTED IN

THE BANK STATEMENT

The PTA had not carried out monthly reconciliation of revenue collection and deposit into the bank as per the norms¹⁷. Further, the dealing official of the revenue collection section had not communicated the details of monthly collection to the dealing accountant of the CD Account who had considered the credit balance in the bank statement as the total receipts in the Budget and Accounts System (BAS) without verifying its correctness. The lapses had occurred mainly due to absence of regular reconciliation of the revenue collections and deposits besides failure on the part of the supervising officer to ensure proper check and balance in the revenue management. *AIN: 15523; Para: 1; Accountabilities: Direct: Krishna Chettri, Accounts Assistant, EID # 9709054; Supervisory: R.B. Ghalley, Accounts Officer, EID # 8801083.*

Status: *Observation not settled. Reconciliation statement from Thromde is awaited.*

3.2 UNIDENTIFIED DEPOSIT IN THE BANK STATEMENT - NU.0.480 MILLION

The PTA had deposit of Nu.0.480 million on account of 23 deposits in its CD Account the sources of which could not be verified by the RAA. The deposits were neither supported by deposit slips nor identified as 'other direct deposits'. Further, the money receipts issued by the Thromde for the amounts reflected in the bank statements were not made available to the RAA. The lapse had occurred apparently due to failure of the dealing officials to reconcile the amount credited in the bank statement with that of monthly accounts, besides failure on the part of the supervising officer to exercise necessary checks and ensure that monthly figures are duly reconciled and validated. *AIN: 15523; Para: 4; Accountabilities: Direct: Krishna Chettri, Accounts Assistant, EID # 9709054, Kinzang Nidup, Accounts Asst., EID # 2107101; Supervisory: R.B. Ghalley, Accounts Officer, EID # 8801083.*

Status: *Observation partially settled. Amount of Nu. 0.480 million has been adjusted based on the letter No.PT/IAU-05/2021-2022/00798 dated 20/09/2021, however, administrative action needs to be taken.*

¹⁷ "Accounting units in all budgetary bodies shall reconcile each of the LC, PLC or any other bank accounts operated by the office on a monthly basis" - Section 1.6.17.2, FAM 2016.

3.3 NON-ADJUSTMENT OF PERSONAL ADVANCES ON TIME - NU.0.279 MILLION

During the year FY 2017-18, the PTA had sanctioned personal advances aggregating to Nu.0.303 million to few officials despite having unsettled balance of earlier advances. The management had not adhered to Section 8.1.6(a) of the FAM 2016 which required that "a personal advance of any kind shall not be sanctioned or paid in case a previous personal advance remains unsettled."

The lapse had occurred due to lack of proper follow-up action by the concerned dealing official and non-regulation of advances as required. *AIN: 15523; Para: 7; Accountabilities: Direct: Jamtsho Dukpa, EID # 9701044; Namgay Phuntsho, EID # 9501013; Gautam Thapa, EID # 9913138; Tshewang Tandin, EID # 200905042; Pema Namgay, EID # 200208083; Ugyen Choden, EID # 200301058; Sonam Choden, EID # 9901167; Sonam Jamtsho, EID # 200603004; Pema Lhendup, EID # 201101251; Loha Bir Gurung, EID # 201109030; Yeshe Wangchuk, EID # 20121102017; Krishna Chhetri, EID # 9709054; Yeshe Dema, EID # 20101100958; Supervisory: Kinzang Nidup, Accounts Assistant, EID # 2107101.*

Status: *Observation not settled. Out of Nu.0.303 million; Nu. 0.024 million was recovered/adjusted leaving a balance of Nu.0.279 million as of 30 Sept. 2021.*

The unsettled balance amount of Nu. 0.270 million reported earlier remained unsettled as of 31 March 2022.

3.4 NON-ADJUSTMENT OF PW ADVANCES ON TIME - NU.0.273 MILLION

Section 5.4.2(d) of the FAM 2016 states that, “On the close of a fiscal year, a complete liquidation of all temporary advances in the hands of the individual TAHs shall be made”. However, the PTA had not settled outstanding advances of Nu.0.279 million as on date of audit some of which pertained to FY 2016-2017. *AIN: 15523; Para: 8; Accountabilities: Direct: Jamtsho Dukpa, EID# 9701044; Chenchu, EID# 201101253; Namgay Phuntsho, EID# 9501013; Gautam Thapa, EID# 9913138; Sonam Tenzin, EID# 200303001; Karma Thinley, EID# 9307042; Krishna Chhetri, EID# 9709054; Supervisory: Kinzang Nidup, Accounts Assistant, EID # 2107101.*

Status: *Observation not settled. Out of Nu.0.279 million; Nu.0.006 million deposited leaving a balance of Nu.0.273 million as of 30 Sept.2022.*

The unsettled balance amount of Nu. 0.273 million reported earlier remained unsettled as of 31 March 2022.

3.5 NON-RECONCILIATION OF MONTHLY ACCOUNTS AND IRREGULARITIES THEREOF – NU.0.401 MILLION

In contravention to the norms under Chapter 10 of FAM 2016, the monthly accounts of PTA were not closed on a monthly basis. The hard copies of statements and schedules that could be generated from the accounting system (BAS, version 3.0.11) were not printed and maintained. Further, the BRS prepared by the accounts personnel were not supported with documents to substantiate its genuineness, and the BRS from November 2016 to June 2017 were not reconciled. Similarly, the monthly reconciliation statements were not reconciled and updated by the dealing official.

In the absence of monthly reconciliation statement duly validated by the supervising official, the RAA could not authenticate correctness and completeness of the monthly accounts. The lapses had consequently given rise to several misstatements aggregating to Nu.0.401 million in the financial statements. *AIN: 15523; Para: 9.1; Accountabilities: Direct: Kinzang Nidup, Accounts Asst., EID # 2107101; Supervisory: R.B. Ghalley, Accounts Officer, EID # 8801083.*

Status: *Observation not settled. Reconciliation statement from the Thromde is awaited.*

3.7 UNEXPLAINED CUMULATIVE CREDIT BALANCE UNDER THE OBJECT CODE 87.22-OTHER RECOVERIES - NU.1.100 MILLION

The account object code ‘87.22 - Other Recoveries’ in BAS is a ledger for recovery and remittances which generally should be a zero balance ledger at the end of the financial year. However, the ledger had cumulative credit balance of Nu.0.203 million as on 30/06/2017. The dealing accounts personnel had not furnished the supporting documents due to which the RAA could not validate the account balance. Further, the receipt of cheque for Nu.1.100 million from NPPF was recorded twice in the accounting system which had resulted in overstatement of Financial Statements to that extent. *AIN: 15523; Para: 9.2; Accountabilities: Direct: Kinzang Nidup, Accounts Asst., EID # 2107101; Supervisory: R.B. Ghalley, Accounts Officer, EID # 8801083.*

Status: *Observation not settled. Reconciliation statement from the Thromde is awaited.*

3.8 IRREGULARITIES NOTED IN THE CONSTRUCTION OF MULTIPURPOSE HALL

The PTA had some irregularities in the construction of multipurpose hall, basketball court, and academic toilet, and dismantling of old toilet at Phuentsholing MSS that was awarded to M/s Neten Construction Company, Paro. There was excess payment of Nu.0.362 million made to the contractor, short-payment of Nu.0.760 million due to erroneous calculation of final payment, and

there was also some defective works in the construction, as explained below:

3.10 NON-ADJUSTMENT OF OUTSTANDING PW ADVANCES - NU.0.030 MILLION

The PTA had PW Advances amounting to Nu.0.035 million lying unsettled as on date of audit. The overdue advances were left unadjusted by the accounts section despite the officials concerned submitting relevant bills to settle their dues. *AIN: 15523; Para: 26; Accountabilities: Direct: Karma Thinley, Engineer, EID # 9307042, Namgay Phuntsho, Water In-charge, EID # 9501013; Supervisory: R.B. Ghalley, Accounts Officer, EID # 8801083.*

Status: *Observation not settled. Out of Nu.0.035 million; Nu.0.005 million was deposited vide receipt No.456953 dated 19/04/2019 leaving a balance of Nu.0.030 million. The unsettled balance of Nu.0.030 million reported earlier remained unsettled as of 30 Sept. 2021.*

The unsettled balance amount of Nu. 0.030 million reported as of 30 Sept. 2021 still remained unsettled as of 31 March 2022.

1.3.4.11 SAMDRUPJONGKHAR THROMDE

During the year, the RAA conducted two audits of Samdrupjongkhar Thromde. There were seven observations amounting to Nu.1.767 million of which five observations amounting to Nu.1.675 million were either resolved prior to the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.0.092 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Thromde Administration, one observation amounting to Nu.0.092 million was resolved. The unresolved significant irregularity reflected in the AAR 2018 is as summarised below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the management, however, the irregularity remained unsettled as on 31 March 2022 as shown as narrated below.

SL No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
1	Shortfalls, Lapses and Deficiencies	-	-	-	-
	Total	-	-	-	

The details of unsettled irregularity reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 is as discussed below:

1. Shortfalls, Lapses and Deficiencies

There was a case of shortfalls, lapses and deficiencies as indicated below:

1.1 NON-UPDATION OF EXCESS LAND IN MA-THRAM

The Samdrup Jongkhar Thromde Administration had recorded excess land aggregating to 10,229 square feet (sq.ft) in the new Lag-thrams (Land Ownership Certificates) of 11 land owners. The initial land area as per the old lag-thrams of the land owners aggregated to 38,065 sq.ft, whereas the revised land area recorded in their new lag-thrams worked out to 48,294 sq.ft, resulting in the recording of excess land by 10,299 sq.ft. The variations between the initially registered land area and the revised

land holding were not updated in the Ma-thram as on the date of audit. *AN: 15293; Para: 6; Accountabilities: Direct: Namgay Wangdi, Asstt. Land record Officer, EID # 200803013; Supervisory: Minjur Dorji, Executive Secretary, EID # 9509038.*

Status: *Observation not settled. As intimated vide letter No. 8/SJT/LSS/NLCS/2020-2021/1199 dated 31/05/2021 the Thromde Administration is waiting for Royal Kasho to affect the changes in the Thram and Lagthrams.*

1.3.4.12 THIMPHU THROMDE

During the year, the RAA conducted two audits of Thimphu Thromde. There were 55 observations amounting to Nu.36.514 million of which 30 observations amounting to Nu.24.079 million were either resolved prior to the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.12.435 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the Thromde Administration, observations amounting to Nu.0.073 million were resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.12.362 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the management, however, the balance unsettled irregularities of Nu. 3.901 million reported to the Parliament in October 2021 could not be resolved as on 31 March 2022 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
1	Fraud, Corruption and Embezzlement	1.202	-	1.202	-
2	Mismanagement	2.699	-	2.699	-
3	Non-compliance to Laws and Rules	-	-	-	-
4	Shortfalls, Lapses and Deficiencies	-	-	-	-
	Total	3.901	-	3.901	-

The details of unsettled irregularities reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 are as discussed below:

1. Fraud, Corruption and Embezzlement – Nu.1.202 million

There were cases of fraud, corruption and embezzlement amounting to Nu.1.202 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in Million	Balance Nu. In Million
1.1	Illegal encroachment on state owned and private registered land by individual land owners	-	-	Unsettled
1.2	Non-accountal and short-accountal of scrutiny, amenity fees and service charges	1.202	-	1.202

	Total	1.202	-	1.202
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1.1 ILLEGAL ENCROACHMENT ON STATE OWNED AND PRIVATE REGISTERED LAND BY INDIVIDUAL LAND OWNERS

As per Section 299(e) of Land Act of Bhutan 2007, “any person committing the act of encroachment on a state-owned and private registered land shall be guilty of an offence of petty misdemeanor and shall be liable to be sentenced in accordance with Bhutan Penal Code”.

Out of 30 illegal encroachment within the Thimphu City, the Thimphu Thromde Administration (TTA) had taken appropriate actions against 24 cases pending appropriate actions against remaining six cases. The lapse had occurred due to lack of regular monitoring and reporting by the building inspectors and the Division for initiating timely action. *AIN: 15051; Para: 32; Accountabilities: Direct: Dorji Namgyel, EID # 201101156, Nima Gyelpo, EID # 201001111; Supervisory: Kinlay Dorjee, EID # 9907556.*

Status: *Observation not settled. The issue was deliberated during the PAC consultative meeting held on 30 Aug. 2021 in NC conference hall Thimphu where Thrompon reported that they tried their best to evacuate the lands illegally occupied, however, they were intimidated by the occupants with weapons and refused to leave the area. It was also shared that when high level officials are involved in such cases, even police hesitate to take action on it. Thromde stated that now they are planning advertise in the media for such illegal encroachment of government lands for evacuation.*

The PAC advised Thromde to take police protection while executing such kind of task. It was decided that, Thromde should conduct a re-survey and resolve this issue by 31 December 2021 and report the same to RAA.

However, Thimphu Thromde did not submit any further response to the RAA as of 31 March 2022 as recommended and the issue remained as it is.

1.2 NON-ACCOUNTAL AND SHORT-ACCOUNTAL OF SCRUTINY, AMENITY FEES AND SERVICE CHARGES - NU.1.202 MILLION

The TTA had non-accountal/short-accountal of scrutiny, amenity fees and services charges amounting to Nu.1.202 million. Out of 104 building applications approved, the Thromde had not accounted fees and charges amounting to Nu.1.115 million in respect of 39 approved applications and deposit of the fees could not be traced in the Consolidated Revenue Collections Statements (CRCS) prepared by the Revenue Section. Further, the Thromde had six cases where the actual fees collected were lesser than the fees liable, which had resulted in short-accountal of fees by Nu.0.087 million. *AIN: 15051; Para: 3; Accountabilities: Direct: Gyeltshen, EID # 7703012; Supervisory: Hasta Bahadur Sangpang, EID # 8505063.*

Status: *Observation not settled. The issue was deliberated during the PAC consultative meeting held on 30 Aug. 2021 in the NC conference hall, Thimphu where the Thromde reported that the case was forwarded to ACC vide letter No. RAA/AG-SP/16/2020/114 dated 02 June 2020 for investigation and ACC acknowledged as it qualifies for investigation. The PAC directed the Thromde to follow up with ACC for expediting the case.*

However, Thimphu Thromde did not submit any further updates to the RAA as of 31 March 2022 as recommended and the issue remained as it is.

2. Mismanagement – Nu.2.699 million

There were cases of mismanagement amounting to Nu.2.699 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in Million	Balance Nu. In Million
2.1	Periodic reconciliations of revenue collections and deposits not carried out	-	-	Unsettled
2.2	Improper documentation resulting to mismatch of revenue collections and	0.350	-	0.350
2.3	Non-accountal vis-a-vis deposit of revenue collected from 5% property transfer tax and other associated fees on land conveyance	0.045	-	0.045
2.6	Unauthorized lease of Government land and irregular waive-off of land lease rent and penalty	2.293	-	2.293
2.7	Short-levy and excess-levy of 5% property transfer tax on land conveyance Nu.0.198 million and Nu.0.032 million respectively	0.011	-	0.011
	Total	2.699	-	2.699

2.1 PERIODIC RECONCILIATIONS OF REVENUE COLLECTIONS AND DEPOSITS NOT CARRIED OUT

Clause 3.2.1 (d) of the Revenue Accounting Manual (RAM) 2004 states that "A Periodic Bank Reconciliation shall be carried out as per prescribed Form No. 3.1.4 laid down in the Revenue Accounting Manual 2004 to ascertain the accuracy of total amount collected with that of deposits made into revenue account". The TTA had computed fines amounting to Nu.5.748 million as per the records of regularisation, which the RAA was not able to trace in the Collections and Deposits Statements maintained by the Thromde. Periodic reconciliations of revenue collections and deposits were also not carried out as required by the RAM 2004. *AIN: 15051; Para: 2; Accountabilities: Direct: Sangay Drakpa, EID # 2001110, Singay Choki, EID # 200301063, Pema Zangley, EID # 200604005, Kezang Jamtsho, EID # 20101100956, Tshering Pelzom, EID # 200307347, Tandin Wangdi, EID # 200301051, Tandin Wangmo, EID # 9901115, Jigme Loday, EID# 201101151, Palden Khandu, EID # 200401005; Supervisory: Kinlay Dorjee, EID # 9907556.*

Status: Observation not settled. The issue was deliberated during the PAC consultative meeting held on 30 Aug. 2021 in the NC conference hall, Thimphu where the Thromde reported that internal auditor and the revenue officer has been coordinating with each other and the work has started to reconcile the accounts. As of now 70% of work has been completed and soon outcome will be intimated. It was decided that Thromde should reconcile all the accounts by 30 Sept. 2021 and report it to RAA.

However, the RAA did not receive any further report as of 31 March 2022 from the Thromde as recommended and the issue remained as it is.

2.2 IMPROPER DOCUMENTATION RESULTING TO MISMATCH OF REVENUE COLLECTIONS AND DEPOSIT OF APPLICATIONS AND ACTIVITY FEES - NU.0.350 MILLION

The TTA was required to collect Nu.1,000.00 per activity besides the application fee of Nu.500.00 for the construction of commercial and residential buildings in urban areas as per Clause 6.10 of the Environmental Assessment Act 2000. The records of collections from construction activities was not properly validated with the sources of revenue in the CRCS during the period July 2015 to December 2016. Out of the receivable revenue of Nu.0.387 million from 258 approved applicants, the source for the collection of Nu.0.169 million could not be traced out, and the revenue collection of Nu.0.181 million from 121 applications was pending as of 31 March 2019. Further, periodic reconciliation to ascertain the accuracy of total amount collected was not carried out as required under Clause 3.2.1 (d) of the RAM 2004. *AIN: 15051; Para: 4; Accountabilities: Direct: Gyeltshen, EID # 7703012; Supervisory: Hasta Bahadur Sangpang, EID # 8505063.*

Status: Observation not settled. The issue was deliberated during the PAC consultative meeting held on 30

Aug. 2021 in the NC conference hall, Thimphu where the Thromde reported that the case has been forwarded to ACC. Accountable person has resigned but has not been given his retirement benefits. The PAC advised the Thromde to reconcile all the accounts by 31 Oct. 2021 and report it to RAA.

However, the RAA did not receive any further report as of 31 March 2022 from the Thromde as recommended and the issue could not be resolved.

2.3 NON-ACCOUNTAL AND NON-DEPOSIT OF REVENUE COLLECTED FROM 5% PROPERTY TRANSFER TAX AND OTHER ASSOCIATED FEES ON LAND CONVEYANCE -0.045 MMILLION

During the period 01/07/2015 to 30/06/2016, the TTA had not accounted/deposited revenue of Nu.2.749 million collected on account of 5% property transfer tax and other associated fees on land conveyance. The RAA could not trace out its deposits made into CD Account. The lapse had occurred due to non-conduct of periodic reconciliation of revenue collections and deposits, and due to non-adherence to the RAM 2004. *AIN: 15051; Para: 37; Accountabilities: Direct: Gyeltshen, EID # 7703012; Supervisory: Hasta Bahadur Sangpang, EID # 8505063.*

Status: *Observation not settled. Out of the total amount of Nu.2.749 million; Nu.2.704 million was adjusted based on the verification carried out by Internal Auditor of Thimphu Thromde on 28/08/2018 that the amount was deposited into revenue account. Therefore, the outstanding balance stands at Nu.0.045 million which remained unsettled as of 30 Aug. 2021.*

The issue was deliberated during the PAC consultative meeting held on 30 Aug. 2021 in the NC conference hall, Thimphu where the status of the observation remained as reported above. It was decided that, Thromde should reconcile the accounts for the remaining amount by 31 Oct. 2021 and report to RAA.

However, the RAA did not receive any further report as of 31 March 2022 from the Thromde as recommended and the issue remained as it is.

2.6 UNAUTHORIZED LEASE OF GOVERNMENT LAND AND IRREGULAR WAIVE-OFF OF LAND LEASE RENT NU.1.246 MILLION AND PENALTY THEREOF NU.1.047 MILLION

The TTA on 11/04/2011 had leased out 10,385.00 sq.ft. land to M/s Greener Way at a service recovery charge of Nu.10,000.00 per month for operation and maintenance of PET bottle crushing plant for one year subject to renewal based on satisfactory performance of the entity. The TTA had waived-off lease rent and penalty aggregating to Nu.2.293 million for the periods starting 2011-12 to 2016-17, for which the Thromde did not have financial powers under FRR thus leading to irregular waiver. *AIN: 15051; Para: 38; Accountabilities: Direct: Kinlay Dorjee, EID # 9907556; Supervisory: Kinlay Dorjee, EID # 9907556.*

Status: *Observation not settled. The issue was deliberated during the PAC consultative meeting held on 30 Aug. 2021 in the NC conference hall, Thimphu where the Thromde reported that since the land was not registered under Thromde, they couldn't collect the lease amount. However, the land is under the Thromde's vicinity and thromde has the right to utilize the same. It was decided that, RAA and Thromde should convene a bilateral meeting to resolve the issue.*

However, the status of the observation remained the same as of 31 March 2022.

2.7 SHORT-LEVY AND EXCESS-LEVY OF 5% PROPERTY TRANSFER TAX ON LAND CONVEYANCE NU.0.198 MILLION AND NU.0.032 MILLION RESPECTIVELY

In accordance with Section 108 of Thromde Act of Bhutan 2007, the transferor/transferee was liable to pay property transfer tax on sale value of land/building as per the sale deed between the transferor and transferee or on sale value ascertained by way of valuation in case of building and property as per

PAVA rate whichever is higher. However, the TTA, besides waiving-off 5% Property Transfer Tax (PTT), had short-levied it by Nu.0.198 million for some clients. On the contrary, there were instances of excess levy of 5% PTT amounting to Nu.0.032 million leading to inconsistent application of PTT. *AIN: 15051; Para: 41; Accountabilities: Direct: Dorji Namgyel, EID # 201101156, Nima Gyelpo, EID # 201001111; Supervisory: Kinlay Dorjee, EID # 9907556.*

Status: *Observation not settled as Nu.0.011 against Tshering Dema needed be recovered and deposited into audit recoveries account which remained undeposited as of 30 Aug. 2021. However, Nu.0.198 million was considered for settlement as per recommendation of the audit report since the tax was waived off by the DRC and excess levy of 5% property transfer tax on land conveyance has been dropped.*

The issue was deliberated during the PAC consultative meeting held on 30 Aug. 2021 in the NC conference hall, Thimphu where the Thomde reported that they have been following up with Tshering Dema for the recovery of the balance amount. It was stated that Thomde has the possession of the Lag Thram of Tshering Dema's land and will return it only after the recovery of the amount from her. Thomde assured that they will further follow up with her to recover the amount. The PAC directed the Thomdey to recover the amount by 30 Sept. 2021 and intimate to the RAA.

However, the amount remained unrecovered as of 31 March 2022.

3. Non-compliance to Laws and Rules

There were cases of non-compliance to laws and as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in Million	Balance Nu. in Million
3.1	Absence of application of Turn Around Time (TAT) for processing of the building applications as per limit prescribed in Standard Operating	-	-	Unsettled
3.4	The minimum required plots sizes for various constructions not maintained as per standards vis-a-vis nonregularisation resulting in non-levy of applicable fines/penalties	-	-	Unsettled
3.5	Inconsistent application of government orders on allotment of Government Land on lease to Private individuals and Non-Government Organization	-	-	Unsettled
3.7	Error in new thram (Land Ownership Certificate) after effecting land conveyance resulting into recording/reflecting of excess/shortage land in new thram	-	-	Unsettled
Total		-	-	-

3.1 ABSENCE IN APPLICATION OF TURN-AROUND-TIME (TAT) FOR PROCESSING BUILDING APPLICATIONS AS PER THE LIMIT PRESCRIBED IN STANDARD OPERATING PROCEDURE

As per Clauses 5.1.3 & 5.3.2 of Standard Operating Procedure (SoP) the maximum turn-around- time (TAT) for processing and approvals of building applications was set at 37 days. However, the TTA had not adhered to the time limit prescribed in the SoP. Out of 1,159 applications approved during the last eight years (01.01.2009 to 31.12.2016), only 131 applications (representing 11.30%) were processed within the standard TAT and the remaining 1,028 applications (88.70%) were delayed substantially. The time taken for the approval ranged from minimum of 2 days to maximum 1,871 days indicating abnormal deviations from the standard TAT. The lapses had occurred due to lack of system for checking and monitoring the TAT and fixing accountability for the failure. *AIN: 15051; Para: 11; Accountabilities: Direct: Karma Jamtsho, EID # 9607012, Jigme Loday, EID # 201101151, Robin Rimal, EID # 20140103257, Sonam Wangchuk, EID # 20150105138, Sonam Tshering, EID # 20160106493,*

Status: Observation not settled. The issue was deliberated during the PAC consultative meeting held on 30 Aug. 2021 in the NC conference hall, Thimphu where the Thomde reported that the lapses occurred due to manual record keeping system wherein keeping record of work/activity was difficult unlike in electronic record keeping. Thomde has developed now a system to resolve this kind of issues. It was decided that, Thomde should submit a report to RAA on the system developed for review and appropriate decision.

However, the RAA did not received any further report from the Thomde as of 31 March 2022 as recommended and the issue remained as it is.

3.4 THE MINIMUM REQUIRED PLOT SIZES FOR VARIOUS CONSTRUCTIONS NOT MAINTAINED AS PER STANDARDS VIS-A-VIS NON-REGULARISATION RESULTING IN NON-LEVY OF APPLICABLE FINES/PENALTIES

The TTA had approved building constructions of few applicants whose net plot areas were not as per the minimum required plot sizes specified in Table 3.0.2 of the DCR 2004. Further, since the deviations were not regularized, the Thomde Administration had not been able to levy fines liable as per Clause 2.8.7 of the DCR 2004. There was no system of reviewing the plot areas during the laying of building foundations and assessing the net plot areas after the land pooling, in order to curb such lapse. Further, there was no coordination amongst responsible divisions to detect and control such deviations, and the building owners lacked awareness on such requirements. AIN: 15051; Para: 26; Accountabilities: Direct: Sangay Drakpa, EID # 2001110, Singay Choki, EID # 200301063, Pema Zangley, EID # 200604005, Kezang Jamtsho, EID # 20101100956, Tshering Pelzom, EID # 200307347, Tandin Wangdi, EID # 200301051, Tandin Wangmo, EID # 9901115; Supervisory: Jigme Dorji, EID # 200201095.

Status: Observation not settled. The issue was deliberated during the PAC consultative meeting held on 30 Aug. 2021 in the NC conference hall, Thimphu where the Thomde reported that the management has failed to submit the report as directed by RAA due to absence of accountable person in the office. However, the constructions were made as per the rules and regulations prescribed. So, Thomde will submit their report on the same to RAA. It was decided that Thomde should submit a report to RAA for review and appropriate decision.

However, the Thimphu Thomde had not carried out similar exercises for rest of the buildings within Thimphu Thomde to confirm that the utilizations of buildings plots sizes are as per approved standard.

3.5 INCONSISTENT APPLICATION OF GOVERNMENT ORDERS ON ALLOTMENT OF GOVERNMENT LAND ON LEASE TO PRIVATE INDIVIDUALS AND NON- GOVERNMENT ORGANIZATIONS

As per directives of MoWHS on allotment on Government land on lease vide letter no. MoWHS/DHS/2/62011-2012/228 dated 08/10/2012, the Thomde was required to refrain from allotting Government land to private individuals and NGOs even on lease within the Thomde area.

However, the Thimphu Thomde without adhering to the directives of the Ministry had allotted 49,276.00 sq.ft. of Government land on lease to six clients (five individuals & one NGO) with lease terms ranging from 9 to 30 years. Non-application of Government orders uniformly to all the citizens had resulted in rendering undue favors to few individuals and an entity. AIN: 15051; Para: 44; Accountabilities: Direct: Dorji Namgyel, EID # 201101156, Nima Gyelpo, EID # 201001111; Supervisory: Kinlay Dorjee, EID # 9907556.

Status: Observation not settled. The issue was deliberated during the PAC consultative meeting held on 30

Aug. 2021 in the NC conference hall, Thimphu where the Thromde reported that the land was leased prior to the issuance of MoWHS's circular. It was stated that the 36th Thromde Committee meeting decided to let continue the lease of land until the expiry of the lease period and directed Thromde to refrain from further leasing of land in contravention to the MoWHS's directives. The decision passed by the committee was reported to be communicated to RAA seeking for their advice and comments on the same. The RAA reported that, they have not received the expiry terms of the land leased. The PAC directed that Thromde should submit a report to RAA by 31 Oct. 2021 and have bilateral discussion.

However, although the 36th Thromde Land Committee meeting decided to retain the leased plots to the individuals until the expiry of lease agreement; in the case of land leased for greener way, no action had been initiated as of 31 March 2022.

3.7 ERRORS IN NEW LAGTHRAM (LAND OWNERSHIP CERTIFICATE) AFTER EFFECTING LAND CONVEYANCE RESULTING IN RECORDING/REFLECTING OF EXCESS/SHORTAGE LAND IN THE NEW LAGTHRAM

The Thromde had few instances of errors in land areas reflected in the new Lagthram (land ownership certificates) issued by the NLCS to the land owners. The new land ownership certificates did not reflect the correct land acreage after certain transactions were effected. For instance, after selling 4,247 sq.ft. out of 13,702 sq.ft. land, the balance land area in the seller's new Lagthram was erroneously reflected as 9,474 sq.ft. with an excess area of 19 sq.ft. instead of the actual 9,455 sq.ft. On the other hand, the land area of 4,247 sq.ft reflected in a new Lagthram was 8 sq.ft. less than the actual land area of 4,255 sq.ft. Such discrepancies reflected lack of communication and coordination between the TTA and NLCS. *AIN: 15051; Para: 45; Accountabilities: Direct: Lungten Tenzin, EID # 200905085; Supervisory: Dorji Namgyel, EID # 201101156.*

Status: Observation not settled. It has been noted that the transaction of land from Passang Dorji & Karma Dema to Pema Dorji was cancelled and reverted to the original land owners since the plot fell under Urban Village Core Precinct (UV1) where the minimum plot size requirement is 10764 sq.ft (net area). In the case of land transferred from Tashi Dorji to Chenchu Nidup, no action was initiated as of 31 Aug. 2021.

The issue was deliberated during the PAC consultative meeting held on 30 Aug. 2021 in the NC conference hall, Thimphu where the Thromde reported that it was a typo error and can be resolved. Further, Thrompon assured that the issue will be resolved at the earliest. It was decided that Thromde should submit a report to RAA by 31 Oct. 2021 for review and an appropriate decision.

However, the issue remained unresolved as of 31 March 2022 due to want of proper action from the Thromde.

4. Shortfalls, Lapses and Deficiencies

There were cases of shortfalls, lapses and deficiencies amounting to Nu.0.187 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in Million	Balance Nu. in Million
4.1	Absence of adequate documentations on levy of betterment charges and irregularities thereof	-	-	Unsettled
4.3	Excess payment in the construction of Changangkha MSS (Package I)	-	-	-
	Total	-	-	-

4.1 ABSENCE OF ADEQUATE DOCUMENTATIONS ON LEVY OF BETTERMENT CHARGES AND IRREGULARITIES THEREOF

Clause 3.4 of DCR 2004 states "Betterment Charges would be collected for areas within the local area planning under land pooling but where physical pooling is not feasible totally. These charges would be applicable for areas within LAP which are partially pooled and the betterment charges shall be charged based on the remainder percentage of pooling. The rate considered for calculating betterment charges would be as per Land Compensation Rate, 1996." However, the TTA had not collected any betterment charges as on date of audit (June 2017) nor obtained any clearance in support of such waiver. The lapse had occurred due to lack of proper system to check the payment of such charges before approving applications and lack of coordination amongst the functional divisions. *AIN: 15051; Para: 18; Accountabilities: Direct: Kinlay Dorjee, EID # 9907556; Supervisory: Kinlay Dorjee, EID # 9907556.*

Status: Observation not settled. The issue was deliberated during the PAC consultative meeting held on 30 Aug. 2021 in the NC conference hall, Thimphu where the Thromde reported that the matter has been discussed with the Chief Planning Officer and is working on resolving this issue. Thromde requested for time extension till the year end to resolve this issue. The PAC directed the Thormdey to resolve the issue by 31 Dec. 2021 and intimate to the RAA.

However, the issue remained unresolved as the Thimphu Thromde had not conducted a detailed study on levy of betterment charges for the completed buildings as of 31 March 2022.

4.3 EXCESS PAYMENT IN THE CONSTRUCTION OF CHANGANGKHA MSS (PACKAGE - I) - NU.0.187 MILLION

The TTA had made an excess payment of Nu.0.187 million to M/s Chukha Construction Pvt. Ltd. in the construction of Changangkha MSS. The lapse had occurred apparently due to failure of the site engineer to exercise necessary checks and ensure the admissibility of contractor's claims prior to making the final payment. *AIN: 15141; Para: 1; Accountabilities: Direct: Tshering Dorji, AE, EID # 20140103519; Supervisory: Jigme Dorji, Chief Engineer, EID # 200201095.*

Status: Observation not settled. Although the principal amount of Nu. 187,156.67 was deposited vide receipt No.03043 dated 18/05/2021 by M/s Chukha Construction, the accrued penalty of Nu.128, 230.52 remained unsettled as of 31 March 2022.

1.3.5 CORPORATIONS

1.3.5.1 ARMY WELFARE PROJECT

During the year, the RAA conducted two audits of Army Welfare Project. There were two observations amounting to Nu.10.050 million which were not resolved prior to the compilation of the draft AAR. The significant irregularities reported in the draft AAR 2018 amounted to Nu.10.050 million. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.10.050 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the management and out of the balance unsettled irregularities of Nu. 1.406 million reported to the Parliament in October 2021, Nu. 0.494 million was settled leaving a balance of Nu. 0.912 million as on 31 March 2022 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
1	Shortfalls, Lapses and Deficiencies	1.406	0.494	0.912	35.14
	Total	1.406	0.494	0.912	35.14

The details of unsettled irregularities reported to the Parliament in October 2021, the irregularities settled thereafter and the unsettled ones as on 31 March 2022 are as discussed below:

1. Shortfalls, Lapses and Deficiencies – Nu.0.912 million

There were cases of shortfalls, lapses and deficiencies amounting to Nu.1.406 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in Million	Balance Nu. in Million
1.1	Pending settlements of old outstanding (sundry debtors)	0.764	-	0.764
1.2	Pending settlements of sundry debtors	0.642	0.494	0.148
	Total	1.406	0.494	0.912

1.1 PENDING SETTLEMENTS OF OLD OUTSTANDING (SUNDRY DEBTORS) - NU.0.764 MILLION

The Army Welfare Project, Phuentsholing, as of 31/12/2017 had outstanding sundry debtors amounting to Nu.6.780 million out of which the management had realized Nu.4.248 million leaving balance of Nu.2.532 million unsettled as on date of audit. Out of the total unsettled balance, Nu.1.840 million was against Mr. Lobzang Tshering and Nu.0.692 was the dues of Phuentsholing Bonded Ware House. *AIN: 15332; Para: 1.1; Accountabilities: Direct: Karma Tobgyel, General Manager (AFD), CID # 11410004866; Supervisory: Rinchen Yoezer, Managing Director, CID # 10102001209.*

Status: Observation not settled. Out of Nu.2.532 million; Nu.1.768 million adjusted leaving a balance of Nu.0.764 million as of 30 Sept. 2021.

The unsettled balance of Nu.0.764 million reported as on 30 Sept 2021 still remained unsettled as of 31 March 2022.

1.2 PENDING SETTLEMENTS OF SUNDRY DEBTORS - NU.0.642 MILLION

As of 31/12/2017, the Army Welfare Project, Samtse had outstanding sundry debtors amounting to Nu.7.518 million on sale of cardboard boxes. Accumulation of huge outstanding revenues was mainly due to non-monitoring of the Sundry Debtors on a periodic basis as required by the AWP's Financial Accounting Manual. *AIN: 15340; Para: 1.1; Accountabilities: Direct: Thinley Zangmo, Sr. Account Asst., CID # 11510001238, Tshering Choden, Manager, CID # 10808001706, Supervisory: Kuenzang Tshering, Sr. Manager (CBBU), CID # 10811002088.*

Status: Observation not settled. Out of the total outstanding of Nu.7.518 million an amount of Nu.6.876 million was adjusted vide follow up report No.RAA/OAAG-Pling/AWP(samtse)-C9/2019/756 dated.20/09/2019 leaving a balance of Nu.0.642 million as of 30 Sept. 2021.

Out of the unsettled balance of Nu.0.642 million reported as of 30 Sept. 2021; Nu.0.494 million was further settled leaving a balance of Nu.0.148 as of 31 March 2022.

1.3.5.3 BHUTAN AGRO INDUSTRIES LIMITED

During the year, the RAA conducted one audit of Bhutan Agro Industries Ltd. There were three observations amounting to Nu.2.564 million of which two observations amounting to Nu.0.064 million were either resolved prior to the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularity reported in the draft AAR 2018 amounted to Nu.2.500 million.

The unresolved significant irregularity reflected in the AAR 2018 amounted to Nu.2.500 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the management, however, the unsettled irregularities of Nu. 2.500 million reported to the Parliament in October 2021 remained unresolved as on 31 March 2022 as shown in the table below.

SL No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
1	Fraud, Corruption and Embezzlement	2.500	-	2.500	-
	Total	2.500	-	2.500	

The details of unsettled irregularities reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 is as discussed below:

1. Fraud, Corruption and Embezzlement – Nu.2.500 million

There was a case of fraud, corruption and embezzlement amounting to Nu.2.500 million as indicated below:

1.1 MANIPULATION AND TAMPERING OF STORE RECORDS AND GOODS ISSUE NOTE RESULTING IN OVERALL STOCK SHORTAGE OF NU.2.500 MILLION

Bhutan Agro Industries had shortage of stock worth Nu.2.500 million due to misappropriation of stock of finished products through manipulation of system by the Store personnel, collusion between the Store Officer and Sales staff, and also due to lack of monitoring by the supervisors. The manipulation and tampering of records was executed through:

- i) repeated entry of same Good Issue Note (GIN) in the system;
- ii) recording items in the system without raising cash memo and invoice;
- iii) non-recording of items and its quantities that are issued as per GIN; and
- iv) non-recording of items issued in the system but had the cash memos/invoices raised.

The case had been forwarded to ACC for investigation. *AIN: 15091; Para: 2; Accountabilities: Direct: Tshering Thinley, CID # 11505002019; Supervisory: Leeladhar Pokhrel, GM (Marketing), CID # 21811000397, Ugyen Dorji, GM, Works, CID # 10703002180, Tashi Wangdi, GM, Monggar Plant, CID # 11503001126.*

Status: *Observation not settled. The case was forwarded to ACC as per the letter No.BAI/ACC-14/2020/1143 dated 29/10/2020.*

This issue was deliberated during the PAC consultative meeting held on 9 Sept. 2021 in NA conference hall, Thimphu where Bhutan Agro Industries Ltd. reported that the lapses had occurred due to the conventional method of recording wherein all the records were maintained manually. It was stated that no proper records were maintained at that time. After the implementation of ERP system, the record keeping system improved and no audit issue was reflected after that. Further, it was reported that the incident took place in 2014 and the audit report was issued in 2018. By the time this issue was known to the management, the accountable person had already resigned from the job. However, the management followed up with the accountable person and the same was acknowledged in writing by him to report to the office and resolve the issue. The management will again follow up with the accountable person to resolve this issue. In the event if this issue could not be resolved amicably then the matter shall be referred to the court.

As the PAC and RAA will be having a bilateral meeting on 22 Sept. 2021 it was decided that PAC and RAA shall discuss and decided on whom the responsibility to follow up in resolving this issue be imposed.

However, the issue remained status quo as of 31 March 2022.

1.3.5.7 BHUTAN POWER CORPORATION LIMITED

During the year, the RAA conducted nine audits of Bhutan Power Corporation Limited. There were 13 observations amounting to Nu.1.085 million of which 10 observations amounting to Nu.0.987 million were either resolved prior to the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.0.098 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the corporation, two observations amounting to Nu.0.098 million were resolved. The unresolved significant irregularity reflected in the AAR 2018 is as summarised below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the management, however, the unsettled irregularity reported to the Parliament in October 2021 remained unresolved as on 31 March 2022 as narrated below.

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
1	Non-compliance to Laws and Rules	-	-	-	-
	Total	-	-	-	

The details of irregularity reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 is as discussed below:

1. Non-compliance to Laws and Rules

1.1 IRREGULARITIES NOTED IN THE APPROVAL OF CONTRACT TIME EXTENSION

The Electricity Services Division, Bhutan Power Corporation Limited, Thimphu had approved time extension appealed six months after the work was handed-over by the contractor and released the liquidated damages of Nu.1.855 million deducted earlier. The approval of the time extension and consequent release of LD was in violation to Clause 3 (III) of the Contract Document which required

that “...the contractor must give notice of any event causing a delay within 21 days of such occurrence and the Employer must within reasonable time decide on the extended date of completion.” The case is sub-judice. *AIN: 15090; Para: 2; Accountabilities: Direct: Krishna Humagai, SE, RCO Wangdue, CID # 11208000562, Passang, Engineer, ESD Thimphu, CID # 10207001172; Supervisory: Sandeep Rai, GM, DCSD, CID # 11212002065.*

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 9 Sept. 2021 in NA conference hall, Thimphu where the Legal officer of BPC reported that legal action was taken against the contractor to recover the amount and the Court directed the accountable person to pay the amount within six months. Upon following up with the contractor, it was stated that his entertainment Centre (Thimphu Club) has been closed for a long time due to COVID-19 situation and he has no source of income as of now. The contractor through a written undertaking promised to repay the amount soon after his entertainment Centre is operational. Accordingly, time extension was given to the contractor.*

It was decided that BPC should follow up with the contractor to recover the amount under intimation to the RAA.

Now as per the letter No. BPC/LEGAL OFFICE/2021/43 dated 11/2/2021 the case has been reported subjudice in the High Court.

1.3.5.8 CONSTRUCTION DEVELOPMENT CORPORATION LIMITED

During the year, the RAA conducted two audits of Construction Development Corporation Limited. There were three observations amounting to Nu.12.393 million none of which was resolved prior to the compilation of the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.12.393 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the corporation, two observations amounting to Nu.12.211 million were resolved. The unresolved significant irregularity reflected in the AAR 2018 amounted to Nu.0.181 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the management, however, the unsettled irregularities of Nu. 0.181 million reported to the Parliament in October 2021 remained unsettled as on 31 March 2022 as shown in the table below.

SL No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
1	Non-compliance to Laws and Rules	0.181	-	0.181	-
	Total	0.181	-	0.181	

The details of unsettled irregularity reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 is as discussed below:

1. Non-compliance to Laws and Rules – Nu.0.181 million

1.1 OUTSTANDING SUNDRY DEBTORS - NU.0.181 MILLION

The Construction Development Corporation Limited (CDCL), Gelephu had huge outstanding balance amounting to Nu.1.872 million as on 30/04/2018 on account of machinery hired to various

agencies. The lapses had occurred due to laxity in adhering to the terms and conditions of hiring machinery which required “the user to pay 100% hire charges in advance for the specified period of requirement before the release of machines, equipment and vehicles for work”. As of 31 March 2019, outstanding amount of Nu.1.691 million had been resolved leaving balance of Nu.0.181 million. *AIN: 15453; Para: 1; Accountabilities: Direct: Chencho Tshering, Assistant Manager, EID # CDCL8804001, Supervisory: Bobi Maya Thapa, Regional Manager, EID # CDCL1105011.*

Status: Observation not settled. The amount stands recoverable as of 31 March 2022.

1.3.5.10 DUNGSAM CEMENT CORPORATION LIMITED, NGANGLAM

During the year, the RAA conducted one audits of Dungsam Cement Corporation Limited. There were nine observations amounting to Nu.9.670 million none of which was resolved prior to the compilation of the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.9.670 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the corporation, six observations were resolved. The unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.9.670 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the management and all the irregularities were resolved as on 31 March 2022 as discussed below.

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
1	Non-compliance to Laws and Rules	1.327	1.327	-	100
2	Shortfalls, Lapses and Deficiencies	-	-	-	100
	Total	1.327	1.327	-	100

The details of unsettled irregularities reported to the Parliament in October 2021 which got resolved as on 31 March 2022 are as discussed below:

1. Non-compliance to Laws and Rules

1.1 NON-ADJUSTMENT/NON-RECOVERY OF ADVANCES - NU. 1.327 MILLION

As on 31/12/2017, the DCCL had unsettled advances amounting Nu.47.944 million paid to the parties on account of supply of raw materials, spare parts and hire of professional services. Out of the total unsettled amount the DCCL had settled advances amounting to Nu.39.190 as on 31/03/2019 leaving a balance of Nu.8.754 million. *AIN: 15507; Para: 4; Accountabilities: Direct: Tashi Tenzin, Manager (Procurement), CID # 20205000476; Supervisory: Karma Gayleg, DY CEO, CID # 10715000188.*

Status: Observation settled. As intimated vide letter NO. DCCL/IA(RAA-04)2021/3100 dated 28/10/2021 the management of DCCL had written off the amounts after obtaining approval in the 34th Board Committee Meeting after the consultation meeting with the PAC on 8 October 2021. Therefore, the issue was fully resolved.

2. Shortfalls, Lapses and Deficiencies

2.2 ABSENCE OF PROPER GUIDELINES FOR PROPERTY MANAGEMENT RESULTING INTO IMPROPER MANAGEMENT OF ASSETS

To ensure safe custody and proper utilization of the company's assets and properties, it is important for the DCCL to maintain an updated inventory of its properties at all times. However, the DCCL had no proper guidelines on property management due to which some household appliances (television set and room heater) issued to the guest house were missing and some were issued to the staffs for their personal use. The lapse can be attributed to improper handing- taking of guest house items and due to non-maintenance of proper stock records. *AIN: 15507; Para: 7; Accountabilities: Direct: Dawa Zangpo, Associate Admin, CID # 11106003032; Supervisory: Tashi Penjor, Head HRAD, CID # 11410004260.*

Status: *Observation has been settled as the DCCL management has developed and instituted a Property Management Manual.*

1.3.5.11 DUNGSAM POLYMERS LIMITED

During the year, the RAA conducted one audit of Dungsam Polymers Limited. There were six observations amounting to Nu.1.343 million none of which was resolved prior to the compilation of the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.1.343 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the corporation, two observations were resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.1.343 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the management and all the irregularities were resolved as on 31 March 2022 as shown in the table below.

SL No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
1	Mismanagement	0.228	0.23	-	100
2	Shortfalls, Lapses and Deficiencies	0.051	0.05	-	100
	Total	0.279	0.279	-	100

The details of unsettled irregularities reported to the Parliament in October 2021 which got resolved as on 31 March 2022 are as discussed below:

1. Mismanagement

1.1 NON-REALIZATION OF OUTSTANDING CREDIT SALES - NU.0.228 MILLION

The Dungsam Polymers Limited (DPL) had not complied with the company's Credit Policy 2015 pertaining to credit sales, resulting into non-realization of the old credit sales amounting to Nu.0.455 million from three sundry debtors namely, Sitaram, Lachen and Druk Cement. The DPL had not realized credit sales even after the expiry of the credit facility period of 30 days from the date of invoice stipulated in the credit policy. *AIN: 15311; Para: 1; Accountabilities: Direct: Sangay Bidha, Dy. Finance Manager, CID # 11512003005; Supervisory: Sherab Chopel, CSD Head, CID # 12004002941.*

Status: Observation has been settled vide follow-up letter No. RAA/OAAG-SJ(AR-146)DPL-Nganglam/2021/910 dated 23/01/2021.

2. Non-compliance to Laws and Rules

1.2 NON-RECEIPT OF GOODS WORTH NU.0.079 MILLION AFTER MAKING ADVANCE PAYMENT

The DPL had not received supplies worth Nu.0.079 million from M/s Lohia Corp. Limited, India. The advances of Nu.0.078 million and Nu.0.001 million were paid to the supplier on 14/01/2015 and 09/03/2017 respectively, however the DPL had not received the stock from the supplier as on date of audit. The applicable LD was not imposed on value of undelivered supplies. *AIN: 15311; Para: 6; Accountabilities: Direct: Kencho Tshering, Dy. Manager (Procurement), CID # 11106003429; Supervisory: Sherab Chopel, CSD Head, CID # 12004002941.*

Status: Observation has been settled based on the justifications provided vide letter No. 04/DPL/CEO/CSD/2021/852 dated 12/10/2021 and vide review report No. RAA/OAAG-SJ(AR-146)/DPL-Nganglam/2018/1178 dated 25/10/2021.

1.3.5.13 FOOD CORPORATION OF BHUTAN LIMITED, PHUENTSHOLING

During the year, the RAA conducted two audits of Food Corporation of Bhutan, Phuentsholing. There were four observations amounting to Nu.4.073 million none of which was resolved prior to the compilation of the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.4.073 million.

The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.4.073 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the management, however, the balance unsettled irregularities of Nu. 0.084 million reported to the Parliament in October 2021 remained unsettled as on 31 March 2022 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
1	Non-compliance to Laws and Rules	0.084	-	0.084	-
	Total	0.084	-	0.084	-

The details of unsettled irregularities reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 is as discussed below:

1. Non-compliance to Laws and Rules - Nu.0.084 million

1.2 NON-RECEIPT OF REIMBURSEMENT OF CLAIMS MADE ON UTILIZATION OF 'FREE ITEMS' SCHEME - NU.3.492 MILLION

The FCBL's Phuentsholing Wholesale Depot In-charge had implemented 'Free Items' scheme of M/s Hindustan Unilever Limited with utilization value of Nu.3.492 million without prior approval and consent of the FCBL Management. The operation of the scheme for substantial value by Depot In-

charge without the consent of the management remained ambiguous; and RAA could not rule out fraudulent practices by the officials concerned. *AIN: 15416; Para: 1.2; Accountabilities: Direct: Phub Dem, Senior Supervisor, CID #10204000779, Supervisory: Sangay Wangdi, GM, CID # 11410005316.*

Status: Observation not settled. Out of the total amount of Nu.3.492 million; Nu. 3.408 million had been adjusted vide letter No.FCB/FAD/20/2020/377 dated 24/04/2020 leaving a balance of Nu.0.084 million as of 30 Sept. 2021.

The balance unsettled amount of Nu.0.084 million reported as of 30 Sept. 2021 still remained unsettled as of 31 March 2022.

1.3.5.15 NATURAL RESOURCES DEVELOPMENT CORPORATION LIMITED

During the year, the RAA conducted two audits of Natural Resources Dev. Corporation Limited. There was one observation amounting to Nu.1.632 million which was not resolved prior to the compilation of the draft AAR 2018. The significant irregularity reported in the draft AAR 2018 amounted to Nu.1.632 million.

The unresolved significant irregularity reflected in the AAR 2018 amounted to Nu.1.632 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the management, however, the balance unsettled irregularities of Nu. 0.557 million reported to the Parliament in October 2021 remained unsettled as on 31 March 2022 as shown in the table below.

SL No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
1	Mismanagement	0.557	-	0.557	-
	Total	0.557	-	0.557	

The details of unsettled irregularity reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 is as discussed below:

1. Mismanagement – Nu.0.557 million

There was a case of mismanagement as indicated below:

1.1 OUTSTANDING DEBTORS - NU.1.632 MILLION

As on 31/12/2017, the Natural Resources Development Corporation Limited, Monggar had outstanding debtors of Nu.1.632 million against 14 parties. The non-realization of huge sundry debtors was due to non-compliance of the provisions envisaged in the Company's policies and guidelines, besides inadequate monitoring system.

The management reported of having forwarded two cases to the District Court for follow-up as under.

1. Indo Construction - Nu.0.274 million
2. Jigme, Sharangtse, F/wood - Nu.0.143 million

AIN: 15615; Para: 1; Accountabilities: Direct: Namcha Wangchuk, Accountant, EID # 4600312; Tandin Tshewang, FA, EID # 2820308; Choki Dorji, EID # 5600715; Gembo Dorji, Assistant Manager, EID # 1590801; Namgyal, AFO, EID # 1880102; Ugyen Phuntsho, FA, EID # 2810308; Thinley Jamtsho, Assistant Manager, EID # 5001112; Tshering Penjor, Manager, MPU, EID # 3440610; Supervisory: Tandin Wangchuk, EID # 2211202.

Status: Observation not settled. Out of Nu.1.632 million, a sum of Nu.1.075 million was settled leaving the balance amount of Nu.0.557 million as on 30 Sept 2021.

This issue was deliberated during the PAC consultative meeting held on 8 Sept. 2021 in NA conference hall, Thimphu where NRDCL reported that most of the amount had been recovered and balance amount of Nu. 6,000/- was to be recovered from one individual. Since the accountable person has acknowledged to pay, it will soon be recovered.

It was decided that NRDCL should submit the details of recoveries made to RAA for update and recover the balance amount by 30 Sept 2021.

However, the balance amount of Nu.0.557 million reported as on 30 Sept 2021 still remained unsettled as of 31 March 2022.

1.3.5.16 STATE TRADING CORPORATION OF BHUTAN

During the year, the RAA conducted one audit of State Trading Corporation of Bhutan. There were four observations amounting to Nu.54.350 million of which two observations amounting to Nu.5.231 million were either resolved prior to the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.49.119 million.

The unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.49.119 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the management, however, the balance unsettled irregularities of Nu. 48.866 million reported to the Parliament in October 2021 remained unsettled as on 31 March 2022 as shown in the table below.

SL No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
1	Non-Compliance to Laws and rules	0.072	-	0.072	-
2	Shortfalls, Lapses and Deficiencies	48.794	-	48.794	-
	Total	48.866	-	48.866	-

The details of unsettled irregularities reported to the Parliament as 30 Sept.2020 which remained unsettled as on 31 March 2022 are as discussed below:

1. Non-compliance to Laws and Rules – Nu.0.072 million

1.1 UNCASHED CHEQUES AMOUNTING TO NU.0.0325 MILLION

The State Trading Corporation of Bhutan (STCB) had uncashed cheques amounting to Nu.0.325 million lying unsettled and were not found revalidated as on date of audit (11/2017). The uncashed cheques pertained to the years 2014 to 2016. Accumulation of unencashed cheques had occurred due to non-compliance to Clause 5.2.14²⁵, Chapter V of the Financial Manual 2011. *AIN: 15048; Para: 4; Accountabilities: Direct: Sonam Palden, Manager (Finance), CID # 10706002399; Supervisory: Menuka Chhetri, Chief Finance Officer, CID # 21214000101.*

Status: Observation not settled. Out of Nu.0.325 million; Nu.0.253 million had been adjusted vide letter

No.STCB/IAU/RAA/(IA-74)/2019/56 dated 13/12/2019 leaving a balance of Nu.0.072 million. It remained unsettled as of 8 Sept. 2021.

This issue was deliberated during the PAC consultative meeting held on 8 Sept. 2021 in NA conference hall, Thimphu where the Finance officer of STCBL reported that the board meeting decided to write off the issue and the same was communicated to RAA accordingly. RAA on the other hand requested for bilateral meeting to be conducted between STCBL & RAA to resolve this issue.

It was decided that, RAA & STCBL should conduct a bilateral meeting by 30Sept. 2021 and submit a report to PAC.

However, the balance unsettled amount of Nu.0.072 million reported as of 8 Sept. 2021 remained unresolved as of 31 March 2022.

²⁵"A cheque issued against an account shall remain valid for six months. Such a cheque may be revalidated or replaced by issue of a fresh cheque". - Clause 5.2.14, Chapter V of the Financial Manual 2011.

2. Shortfalls, Lapses and Deficiencies – Nu.48.794 million

2.1 SUNDRY DEBTORS BALANCES - NU.48.794 MILLION

The STCB had not collected some of the cost of vehicles, vehicle spare parts, explosives and other items sold to the customers during the year 2014, 2015 and 2016. The non-collection of revenue on time had resulted in accumulation of sundry debtors amounting to Nu.48.794 million as on date of audit (11/2017). *AIN: 15048; Para: 2; Accountabilities: Direct: Bhawani Gotamey, Credit Officer, CID # 21801000098; Supervisory: Menuka Chhetri, Chief Finance Officer, CID # 21214000101.*

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 8 Sept. 2021 in NA conference hall, Thimphu where the Finance officer of STCBL reported that due to inability to identify the heads under which the amount was received, the accounts couldn't be reconciled. As of now, Nu. 15.260 million is to be reconciled but the amount has already been deposited. Therefore, time extension was requested for to reconcile the remaining amounts.*

It was decided that STCBL should reconcile the account by 30 Sept. 2021 and submit a report to RAA for the settlement of the issue.

However, the issue remained unresolved as of 31 March 2022.

1.3.5.17 TANGSIBJI HYDRO ENERGY LIMITED, TRONGSA

During the year, the RAA conducted one audit of Tangsibji Hydro Energy Limited. There were four observations amounting to Nu.1.413 million none of which was resolved prior to the compilation of the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.1.413 million.

The unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.1.413 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the management, however, the unsettled irregularities reported to the Parliament in October 2021 remained unsettled as on 31 March 2022 as narrated below.

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
2	Non-compliance to Laws and Rules	-	-	-	-
3	Shortfalls, Lapses and Deficiencies	-	-	-	-
	Total	-	-	-	

The details of unsettled irregularities reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 are as discussed below:

1. Non-compliance to Laws and Rules

1.1 AWARD OF WORK BY RELAXING THE BID CONDITIONS

The THyE had awarded a contract package (MP-1: Civil and Hydro-Mechanical works of Nikachhu Hydropower Project) amounting to Nu.4,288.930 million and €3.827 million to M/s HCCL, India by relaxing the bid conditions. Against the Eligibility and Qualification Criteria (EQC), sub-clause 2.6.1 of the bidding document which required bidders to demonstrate availability of specified equipment, and subsequent sub-clauses required proof of availability for deployment, the THyE reported that most of the equipment of M/s HCCL had exceeded the minimum age specified for each equipment. However, without considering the eligibility clause, the contract was awarded to M/s HCCL on the condition that the contractor provide additional equipment.

Further, the additional performance guarantee required to be submitted by contractor due to abnormally lower rates quoted especially in the critical excavation activities was waived-off by the Board. Besides, the past record of the firm (*failure of the HRT gravel trap section and the restriction in the TRT that restricts the generation of 100/108 MW in the 126 MW Dagachhu Hydropower Project*) was not considered, and overall interest of the project was not seen to be protected.

Thus, the award of work without fulfilling the predetermined criteria and relaxing the requirement was not seen proper. *AIN: 15489; Para: 1.1; Accountabilities: Direct: Yeshe Wangchuk, Head, Headwork Division, EID # 5153; Tshering Zangpo, Head, HRT Division, EID # 5004; Sanga Jamtsho, Head, Power House Division, EID # 5041; Namgay Wangchuk, Head, QCD, EID # 5024; Supervisory: Karma Chhophel, Managing Director, EID # 5045; Sujan Rai, Dy. Managing Director, EID # 5056.*

Status: *Observation not settled. The issue was deliberated during the PAC consultative meeting held on 5 Aug. 2021 in DYT hall of Traonsa Dzongkhag where the management reported that out of seven eligibility criteria only one was not fulfilled which was the 7th criteria, i.e., age limit of machineries. It was also reported that, nowhere in the tender contract is mentioned that the contract will be rejected if the age limit of the machineries is not fulfilled. It was shared that the delay caused was not due to old equipment but due to unfavorable weather conditions and blockages of access road to the construction site.*

Acknowledging the expression made by the management the RAA informed the house that this issue shall be discussed in the Follow-up Committee of the RAA and the decision conveyed accordingly. It was decided that, Tangsibji Hydro Energy Limited, Trongsa shall submit a report on the same to RAA by 31 August 2021 and RAA shall update the same to PAC by 30 Sept. 2021.

However, the observation remained unresolved as of 31 March 2022.

2. Shortfall, Lapses and Deficiencies

2.1 SUBSTANTIAL DELAYS IN MP-1 CONTRACT PACKAGE LEADING TO HUGE REVENUE LOSS AND ASSOCIATED COSTS

There was substantial delays in contract package 'MP-1: Civil and Hydro-Mechanical works of Nikachhu Hydropower Project' mainly due to contractor's poor performance with resultant financial implication of Nu.5,698.220 million. The causes for the delays, as reported to the THyE Board, were delay in commencement of works at all fronts by M/s HCCL, monsoon damages to the access roads which hampered the works, frequent breakdown of old equipment deployed by M/s HCCL and non-availability of spares for maintenance. As a consequence of the delays, substantial slippage of time had taken place with resultant revenue loss on account of generation and other associated costs amounting to Nu.5,698.22 million as worked out by the THyE management. *AIN: 15489; Para: 2.1; Accountabilities: Direct: Karma Chhophel, Managing Director, EID # 5024; Sujan Rai, Dy. Managing Director, EID # 5056; Supervisory: Karma Chhophel, Managing Director, EID # 5024; Sujan Rai, Dy. Managing Director, EID # 5056.*

Status: *Observation not settled. The issue was deliberated during the PAC consultative meeting held on 5 Aug. 2021 in DYT hall of Traonsa Dzongkhag where the management reported that the delay of the work was mainly attributed due to heavy water seepage while digging tunnel and other unexpected circumstances. However, the management identified 17 different strategies to expedite the completion process including engagement of Construction Development Corporation Limited in the project.*

While noting the submission of the management the RAA requested the management to submit the documents on the same so that RAA can review it in the Follow-up Committee of the RAA for appropriate decision. PAC advised the management to submit all related documents concerning the issue to RAA by 31 Aug. 2021.

However, the observation remained unresolved as of 31 March 2022.

1.3.7 NON-GOVERNMENTAL ORGANISATIONS

1.3.7.3 DRUK ODIYANA FOUNDATION

During the year, the RAA conducted one audit of Druk Odiyana Foundation. There were six observations amounting to Nu.19.603 million of which two observations amounting to Nu.6.723 million were either resolved prior to the compilation of the draft AAR 2018 or did not qualify for inclusion in the draft AAR 2018. The significant irregularities reported in the draft AAR 2018 amounted to Nu.12.880 million.

The unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.12.880 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the management, however, the balance unsettled irregularities of Nu. 9.430 million reported to the Parliament in October 2021 remained unsettled as on 31 March 2022 as shown in the table below.

Sl No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
1	Mismanagement	9.430	-	9.430	-
	Total	9.430	-	9.430	-

The details of unsettled irregularities reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 is as discussed below:

1. Mismanagement – Nu.9.430 million

1.1 IRREGULAR LENDING OF ODIYANA FUNDS TO PRIVATE INDIVIDUALS -NU.9.430 MILLION

The Druk Odiyana Foundation had lent amount of Nu.12.430 million to private individuals out of which Nu.3.000 million was deposited into the Foundation's account, leaving balance of Nu.9.430 million as on 31 March 2019. The lending of funds of the Foundation to individuals was irregular and not within the scope of activities of the Foundation. *AIN: 15314; Para: 2; Accountabilities: Direct: Tshewang Penjor, Finance Officer, CID # 11407000895; Supervisory: Khenpo Gyeltshen, Drawing & Disbursing Officer/Treasurer, CID # 10607002107.*

Status: *Observation not settled. This issue was deliberated during the PAC consultative meeting held on 8 Sept. 2021 in NA conference hall, Thimphu where Druk Odiyana Foundation reported that a case was filed in the court of law for the recovery of the amount and the court directed the accountable person to repay the amount within six months but the accountable person expired before the amount could be recovered. The management then followed up with the family of the deceased but couldn't recover the amount since the family member refused to accept the accountability for the same and a case is ongoing between the members of the deceased family regarding the inheritance rights and obligations. Further, upon enquiring it was found that the mortgaged property of 16000 sq. ft. of land at Kawajangsa was already mortgaged with the bank and the recovery of the amount from the mortgaged property is possible only from the balance amount after the bank recovers the loan amount by auctioning the land. Most importantly it is to be noted that the amount pertaining to this issue is a private money of the abbot (deceased) who has lent the money.*

It was decided that Druk Odiyana Foundation should follow up in resolving this issue at the earliest.

Now the Foundation has reported that the case is on appeal to the Supreme Court.

1.4. AUDIT REPORT ON JOINT AUDITS OF HYDROPOWER PROJECTS

The RAA had undertaken three Joint Audits of Hydro Power Projects of Punatsangchhu-I Hydroelectric Project Authority, Punatsangchhu-II Hydroelectric Project Authority and Mangdechhu Hydroelectric Project Authority during 2018. The audits were conducted as per the Standard Operating Procedures signed between the RAA and the Comptroller and Auditor General of India and the Projects Agreement signed between the Royal Government of Bhutan and the Government of India.

The AAR 2018 includes only the unresolved significant audit observations of Punatsangchhu-I Hydroelectric Project Authority, Punatsangchhu-II Hydroelectric Project Authority and Mangdechhu Hydroelectric Project Authority.

1.4.2 PUNATSANGCHHU-I HYDROELECTRIC PROJECT AUTHORITY

During the year, the RAA had issued one audit report of the Punatsangchhu-I Hydroelectric Project Authority. There were 11 observations amounting to Nu.3,830.948 million of one observation amounting to Nu.0.027 million did not qualify for inclusion in the draft AAR 2018. The total unresolved significant irregularities reflected in the Draft AAR 2018 Nu.3,830.921 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the project authority, four observations amounting to Nu.2,824.008 million were resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.1,006.913 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the management, however, the balance unsettled irregularities of Nu. 430.768 million reported to the Parliament in October 2021 remained unsettled as on 31 March 2022 as shown in the table below.

SL No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
2	Shortfalls, Lapses and Deficiencies	430.768	-	430.768	-
	Total	430.768	-	430.768	-

The details of unsettled irregularities reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 is as discussed below:

1. Shortfalls, Lapses and Deficiencies – Nu.430.768 million

1.1 AVOIDABLE PAYMENT ON ACCOUNT OF ANALYSED RATE - NU.430.768 MILLION

The PHPA-I had failed to invoke Clauses 51 and 52, provisions/terms of the contract for Package MC-3 with regard to revision of rates for deviation in quantities of items of works by +/- 30% than the quantities provided in the Bill of Quantities. As per the terms of contract, it was also agreed that the payments for deviated items would be continued to be made at the original rate till the revised or analyzed rate is decided.

However, the Project Manager of M/s HCCL had not submitted the rate analysis statement for items of works with deviated quantities and instead had submitted an undertaking letter accepting that, for quantities of items of work in deviation to the BoQ by more than 30% to be paid at BoQ rates with price escalations as per clause 70 of the GCC, and had also agreed to adjust the rates for quantities of items of work in deviation to the BoQ by less than 30% to be adjusted at the time of settlement of final bill. Despite having received the undertaking letter from M/s HCCL, accepting to pay for deviated quantities of items of works at BOQ Rates with Price Adjustment, the rates were found revised and paid at higher rates with a resultant financial implication of Nu.430.768 million. *AIN: 15583; Para: A2; Accountabilities: Direct: Shankar Dey, Project Manager, HCCL, WP # 30301017614300; Supervisory: R.P. Sharma, Director (Technical), EID # 1002, WP # 191906277588184.*

Status: Observation not settled. The observation was deliberated during the PAC consultative meeting held on 11 Aug. 2021 in the conference hall of PHPA where PHPA-I technically justified for the payment with reference to the recommendations of the Independent External Committee based on the contractual and legal provisions. They stated that there were no legal basis & merit for HCC to provide and withdraw their undertaking as well as for PHPA-I to enforce it.

The RAA expressed that as per the documents and justifications submitted by PHPA-I based on the recommendations of the independent expert committee this issue may be considered for resolving. However, it should be deliberated in the Follow up Committee of RAA for a collective decision before taking any decision on this issue. The PAC advised PHPA-I to submit all the recommendations made by the Independent External Committee to RAA by 31 Aug. 2021 for appropriate action and decision and report to the Authority and PAC accordingly.

The issue was deliberated in the Follow-up Committee Meeting of RAA held on 6 Oct. 2021 and the committee decided that the issue shall be reviewed in the subsequent audit for taking appropriate decision.

The observation remained unresolved as of 31 March 2022.

1.4.3 PUNATSANGCHHU-II HYDROELECTRIC PROJECT AUTHORITY

During the year, the RAA had issued one audit report of the Punatsangchhu-II Hydroelectric Project Authority (PHPA-II). There were 11 observations amounting to Nu.2,735.544 million. The total unresolved significant irregularities reported in the draft AAR 2018 amounted to Nu.2,735.544 million.

Based on the responses received after the issue of the draft AAR 2018 and actions taken by the project authority, four observations amounting to Nu.2,078.525 million were resolved. The total unresolved significant irregularities reflected in the AAR 2018 amounted to Nu.657.019 million.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the management, however, the balance unsettled irregularities of Nu. 606.310 million reported to the Parliament in October 2021 remained unsettled as on 31 March 2022 as shown in the table below.

Sl. No.	Observation Category	Irregularities reported to the Parliament as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
1	Non-compliance to Laws and Rules	606.310	-	606.310	-
	Total	606.310	-	606.310	-

The details of unsettled irregularities reported to the Parliament in October 2021 which remained unsettled as on 31 March 2022 are as discussed below:

1. Non-compliance to Laws and Rules – Nu.606.310 million

There were cases of non-compliance to laws and rules amounting to Nu.606.310 million as summarised below:

Sl. No.	Observation in Brief	Amount Nu. in million	Settled Nu. in million	Balance Nu. in million
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1.3	Non-adherence of contract provisions under C-3 package led to extra payment of Nu.310.830 million towards strengthening measures in Power House Complex	310.830	-	310.830
1.4	Incorrect computation of rate analysis for deviated items of work under C2	295.480	-	295.480
	Total	606.310	-	606.310

1.3 NON-ADHERENCE OF CONTRACT PROVISIONS UNDER C-3 PACKAGE LED TO EXTRA PAYMENT OF NU.310.83 MILLION TOWARDS STRENGTHENING MEASURES IN POWER HOUSE COMPLEX

The PHPA-II had made excess payment of Nu.310.830 million towards strengthening measures in Power House Complex due to non-adherence of contract provisions under C-3 package which included construction of Head Race Tunnel from Surge Shaft end, Surge Shaft, Butterfly Valve Chamber, Pressure Shafts, Power House and Tailrace Tunnel including Hydro-Mechanical works. The non-adherence of the contract provisions both by the Contractor and Project had resulted in the Project incurring extra expenditure to the tune of at least Nu.310.83 million till the date of audit. The issue of rock fall leading to cost and time overrun was pointed out vide Para No. 10 of previous audit report *AIN: 15612; Para: 6; Accountabilities: Direct: R.P. Sharma, Director (Technical), EID: 1002, WPN: 191906277588184; Supervisory: R.P. Sharma, Director (Technical), EID: 1002, WPN: 191906277588184.*

Status: *Observation not settled. The observation was deliberated during the PAC consultative meeting held on 11 Aug. 2021 in the conference hall of PHPA where PHPA-II Managing Director explained that this memo was issued after the Down Stream Surge Gallery (DSSG) was collapsed. The collapse was not due to non-adherence to the contract provision but due to complexity of geographical condition which is unpredictable and is limited to human mind to predict the same. Excess payments were made in restoration and strengthening works after the collapse occurred.*

The RAA expressed that explanations and justifications presented by the management were noted and merits to be deliberated in the Follow up Committee of the RAA for a collective decision before taking any decision on this issue. The PAC advised PHPA-II to submit detail report to RAA by 31 Aug. 2021 for appropriate decision and report to PAC accordingly.

The issue was deliberated in the Follow-up Committee Meeting of RAA held on 6 Oct. 2021 and the committee decided that the issue shall be reviewed in the subsequent audit for taking appropriate decision.

The observation remained unresolved as of 31 March 2022.

1.4 INCORRECT COMPUTATION OF RATE ANALYSIS FOR DEVIATED ITEMS OF WORK UNDER C2 & C3 PACKAGES RESULTED IN EXCESS PAYMENT OF NU.295.480 MILLION

The PHPA-II had made excess payment of Nu.295.480 million to M/s Gammon India Ltd. for deviated items of work under C2 & C3 packages due to incorrect computation of rate analysis in the construction of Head Race Tunnel (HRT) from ADIT-I and ADIT-II. The calculations of deviated and extra items were not as per the CWC guidelines. Further, for both C2 & C3 packages there were excess payments amounting to Nu.11.700 million up to 2016-17 due to consideration of PF component at 8.33% instead of 5% while calculating indirect charges in rate analysis.

The issues was pointed out vide para no. 8 under Part-B of the previous audit report but the Authority had not yet re-analyzed the rates and had continued to pay the RA bills at the same rate till

last RA bill. Accordingly, the money value of the observation has been modified to the extent of Nu.295.48 million to be recovered from the contractors. *AIN: 15612; Para: 10; Accountabilities: Direct: Abhishek Sinha, EE, EID: 5902, WPN: 191903011598004; Gorab Dorji, EIC (PH), EID: 5883, CID: 10205004391; Supervisory: R.P. Sharma, Director (Technical), EID: 1002, WPN: 191906277588184.*

Status: *Observation not settled. The observation was deliberated during the PAC consultative meeting held on 11 Aug. 2021 in the conference hall of PHPA where PHPA-II reported that the computation of rate analysis for deviated items were made in accordance with the contract terms and were for the benefit of the workers. It was also reported that, the management has formed a high-level committee led by Joint Managing Director who shall consult this matter with the Central Water Commission.*

The PAC advised PHPA-II to develop their method of rate analysis and submit it to RAA by 31 Aug. 2021 for review and appropriate decision.

The observation remained unresolved as of 31 March 2022.



REVIEW REPORT OF ANNUAL AUDIT REPORT 2019

(Status as on 31 March 2022)

PART-I Summary of Review Report of AAR 2019

The Royal Audit Authority had tabled Annual Audit Report 2019 to the 3rd Session of the Third Parliament in July 2020. The Report had total significant unsettled irregularities of Nu.1,795.772 million consisting of Nu.1,051.619 million against budgetary agencies; Nu.363.529 million against Non-Budgetary Agencies and Nu.380.624 million against Hydro Power Projects.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-ups at various levels and out of the unsettled irregularities of Nu.1,274.626 million reported to the Parliament in October 2021 subsequently, irregularities amounting to Nu.62.843 million for Budgetary Agencies and Nu.91.594 million for Non-Budgetary Agencies were settled as on 31 March 2022 as shown in the Table below.

Table: Showing agency wise irregularities settled and balances as on 31 March 2022

Review Report of AAR 2019 overall reconciliation as on 31/03/2022					
Sl.No.	Agencies	Unresolved irregularities reported to the Parliament in 30 Sept. 2021 (Nu.in Million)	Irregularities resolved as on 31/03/2022 (Nu.in Million)	Balance irregularities as on 31/03/2022 (Nu.in Million)	Percentage of irregularities resolved as on 31/03/2022
1	Ministries	580.467	23.979	556.488	4.13
2	Dzongkhags	169.994	8.170	161.824	4.81
3	Gewogs	25.353	2.022	23.331	7.98
4	Autonomous Agencies	89.598	28.672	60.926	32.00
Total Budgetary Agencies-A (1to 4)		865.412	62.843	802.569	7.26
5	Corporations	28.429	4.980	23.449	17.52
6	Financial Institutions	231.545	86.614	145.089	0.00
7	Non Governmental Organizations	25.770		25.770	0.00
Total Non-Budgetary Agencies - B (5)		285.744	91.594	194.308	32.05
8	Hydropower Projects	123.47		123.470	0.00
Total Hydropower Projects-C (8)		123.470		123.470	0.00
Grand Total (A+B+C)		1,274.626	154.437	1,120.189	12.12

As transpired from table above, out of the total unsettled irregularities of Nu. 1,274.626 million remaining unsettled as of 30 Sept. 2021, irregularities amounting to Nu 154.437 million were settled leaving a balance of Nu. 1,120.189 million as on 31 March 2022.

PART-II DETAILED REVIEW REPORT

This chapter contains the summaries of unresolved significant audit observations from the audit reports issued during the year 2019. During the year, the RAA reported irregularities amounting to Nu.3,531.698 million of which audit findings involving Nu.1,735.926 million were either resolved and/or were not material for inclusion in the AAR 2019.

The total unresolved significant irregularities having financial implication of Nu. 1,795.772 million as on 31 March 2020 were reflected in the AAR 2019. The details of agencywise unsettled irregularities resolved thereafter and balance unresolved ones as of 31 March 2022 are reported hereunder.

3. MINISTRIES

3.1.1. MINISTRY OF AGRICULTURE AND FORESTS

During the year, the RAA had issued 48 audit reports of the Ministry of Agriculture and Forests (MoAF). Two reports were issued with 'Qualified' opinion. There were 69 observations amounting to Nu. 78.314 million of which Nu. 1.906 million were resolved as of 31 January 2020 and Nu. 70.795 million did not qualify for inclusion in the AAR.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Ministry and out of the balance unsettled irregularities of Nu.2.509 million reported to the Parliament in October 2021; Nu. 0.682 million were settled leaving a balance of Nu. 1.827 million unresolved as on 31 March 2022 as reported below.

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 Sept. 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
3	Mismanagement				Unsettled
4	Non-Compliance to Laws and Rules	2.094	0.529	1.565	25.26
5	Shortfalls, Lapses and Deficiencies	0.415	0.153	0.262	36.87
	Total:	2.509	0.682	1.827	27.18

The details of unsettled irregularities reported to the Parliament in October 2021; irregularities settled and unsettled balances as on 31 March 2022 are as discussed below:

3. MISMANAGEMENT

The cases of mismanagement are as indicated below:

3.1 UNDERUTILIZATION OF PROPERTIES

The cases of underutilization of properties includes:

- b) The Department of Agriculture (DoA) had failed to make use of the Dreychhu irrigation channel in Dagana which was constructed at the cost of Nu. 34.410 million. It was observed that the irrigation channel was strewn with multiple blockages due to landslides at various places and damages to breast and retaining walls. Without timely intervention from Dzongkhag and Gewog administrations, the construction of the irrigation channel was found to be ineffective in delivery of its utility to the community. (AIN: 16400; OB No.: 1; Accountabilities: Direct: *Puran Chhetri, Assistant Engineer, EID No.: 200507227*; M/s PST Construction, CDB No.4181; Supervisory: *Karma Tshethar, Chief Engineer, EID No.: 9901079*)

Status: *Observation still not settled.*

Follow-up/Reminder issued vide RAA/FUCD (B1) MoAF/2021/539 dated 12th April 2021. However due to on-going Covid -19 case, the Project could not clear off blockages as they have to deploy CMU Machineries for other national emergency works. Response awaited in audit.

- c) The DoA had not utilized the multistage centrifugal pump procured under Government of India's (GoI) Project Tied Assistance at Nu. 1.300 million. The project management had failed to carry out proper need assessment for the centrifugal pump resulting in non-utilization of the equipment (AIN: 16400; OB No.: 2; Accountabilities: Direct: *Kelzang Tenzin Executive Engineer, EID No. 200701043N*; Supervisory: *Karma Tshethar, Chief Engineer, EID No.: 9901079*)

Status: *Observation still not settled. Follow-up/Reminder issued vide RAA/FUCD(B1) MoAF/2021/539 dated 12th April 2021.*

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 1.565 MILLION

The cases of non-compliance to laws and rules involving Nu. 1.565 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 Sept. 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
4.4	Recoverable excess payment and 20% penalty upon termination of contract	1.317	-	1.317
4.6	Mismatched cheque withdrawal amounts in Cash Book and Bank Statement	-	-	Unsettled
4.7	Excess withdrawal as per bank statement	0.149	-	0.149
4.8	Payments/Adjustment made without supporting documents	0.628	0.529	0.099
4.9	Non-reconciliation of budgetary and Non-budgetary funds			Settled
4.10	Non-implementation of water supply project			Settled-
	Total:	2.094	0.529	1.565

4.4. EXCESS PAYMENT AND 20% PENALTY UPON TERMINATION OF CONTRACT - NU. 1.317 MILLION

The DoFPS had failed to recover excess payment and 20% penalty amounting to Nu. 1.317 million on contract termination from M/s Druk Wangi Builders, Thimphu in the construction of Range Office, Staff Quarter, retaining wall and approach road at Neptengkha, Punakha. As the contractor was unable to complete the works on time, the contract was terminated and works valuation showed an excess payment to the contractor and non-levy of applicable penalty of 20% on the remaining works. (AIN: 15694; OB No.: 1; Accountabilities: Direct: DrukWangi Builders, Thimphu. CDB No.6652; Tshering Wangchuk, Accountant, EID No. 200207191, Supervisory: Sangay Norbu, Sr. FO, EID No.20130101182)

Status: *Observation still not settled.*

Resposne received from JDNP, Damji, Gasa vide letter No. JDNP/Acc-06/2021-22/420, dated: 20/12/2021 but it is not tenable. Accordingly, the RAA has issued latest Follow up Report no. RAA/FUCD/(B9)/JDNP-Damji/DoFPS-MoAF/310, on 25.03.2022 to take appropraiet action against the contractor and responsible officials involed as per Section 55(21) of the Audit Act of Bhutan 2018.

4.6. MISMATCHED WITHDRAWAL AMOUNTS IN CASH BOOK AND BANK STATEMENT

The JDNP, DoFPS had booked expenses where the amounts in the bank statement and amount recorded in the cash books did not tally for 92 cheques issued during FY 2017-18. 52 numbers of cheques had withdrawn more amount than the recorded amount in cash book and 40 cheques had withdrawn less amount than the recorded amount in cash book with resultant mismatch. (AIN: 15764; OB No.: 5 Accountabilities: Direct: Sonam Wangchuk, Accountant, EID No. 2008077278 Supervisory: Rinzin Dorji, CFO, EID No. 200401059; Namgay, Offtg. CFO, EID No. 9810002)

Status: *Observation still not settled.*

Resposne received from JDNP, Damji, Gasa vide letter No. JDNP/AD-17/2021-2021/303, dated: 12.11.2021 but it is not tenable. Accordnilgy, the RAA has issued latest Follow Up Report no. RAA/FUCD/(B9)/JDNP-Damji/DoFPS-MoAF/310, on 25.03.2022 to take appropraiet action against the responsible officials involed as per Section 55(21) of the Audit Act of Bhutan 2018.

4.7. EXCESS WITHDRAWAL AS PER BANK STATEMENT - NU. 0.149 MILLION

The accountant of JDNP, DoFPS had made withdrawal using self-check amounting to Nu. 0.150 million whereas the actual disbursement was only for Nu. 1,000. Therefore, there was an excess withdrawal of Nu. 0.149 million which could not be authenticated by supporting documents. (AIN: 15764; OB No.: 6; Accountabilities: Direct: Sonam Wangchuk, Accountant, EID No. 2008077278, Supervisory: Namgay, Offtg. CFO, EID No. 9810002)

Status: *Observation still not settled.*

Resposne received from JDNP, Damji, Gasa vide letter No. JDNP/AD-17/2021-2021/303, dated: 12.11.2021 but it is not tenable. Accordnilgy, the RAA has issued latest Follow up Report no. RAA/FUCD/(B9)/JDNP-Damji/DoFPS-MoAF/310, on 25.03.2022 to take appropraiet action against the responsible officials involed as per Section 55(21) of the Audit Act of Bhutan 2018.

4.8. PAYMENTS/ADJUSTMENTS MADE WITHOUT SUPPORTING DOCUMENTS - NU. 0.099 MILLION

The JDNP, DoFPS had made payment/adjusted for TA/DA and travel claims amounting to Nu. 0.628 million on various forestry activities without any legitimate supporting documents or acknowledgement. (AIN: 15764; OB No.: 9; Accountabilities: Direct: Sonam Wangchuk, Accountant, EID No. 2008077278, Supervisory: Rinzin Dorji, CFO, EID No. 200401059; Namgay, Offtg. CFO, EID No. 9810002)

Status: Observation partially settled.

Out of Nu.628,100.00, the supporting documents amounting to Nu.529,200.00 was produce to RAA by the Ministry (i.e. for Nu.130,000.00 pertaining to Mr. Leki, former Park Range Officer, Lingzhi and for Nu.398,800.00 pertaining to Mr. Dagay, former Park Range Officer, Soe) vide letter No. DoFPS/FPED/FPSS-09/2021-22/649, dated: 21 December 2021, which has been verified and accepted leaving a balance amount of Nu.98,900.00 as of 31 March 2022. Accordingly, the RAA has issued latest follow up report No. RAA/FUCD/(B9)/JDNP-Damji/DoFPS-MoAF/310, on 25.03.2022 to take appropriet action against the responsible officials involed as per Section 55(21) of the Audit Act of Bhutan 2018.

4.9. NON-RECONCILIATION OF BUDGETARY AND NON-BUDGETARY FUNDS

The National Poultry Development and Research Centre, Sarpang had un-reconciled balances from budgetary and non-budgetary funds amounting to Nu. 27.309 million for three FYs. Nu.9.077 million pertained to FY 2015-16, Nu. 15.813 million to FY 2016-17 and Nu. 2.420 million to FY 2017-18. (AIN: 15937; OB No.: 1; Accountabilities: Direct: Chencho Pem, Accountant, EID No. 9907180, Supervisory: S.B. Chamling Rai, Program Director, EID No. 9007113)

Status: Observation settled based on the Follow up Report No. RAA/OAAG(T)/FUS-02/2021-2022/0287 issued by the RAA on 08 November 2021.

4.10. NON-IMPLEMENTATION OF WATER SUPPLY PROJECT

The Phibsoo Wildlife Sanctuary, DoFPS had not implemented a project amounting to Nu. 0.300 million under the World Wildlife Fund to “increase water availability and efficient use through community based water resources management” at Yarphelling Chiwog, Sarpang. Although the Park office had made some expenses for procurement of the materials, there were instances where some of the materials had not yet been received and the water supply project had not been implemented. (AIN: 15946; OB No.:1; Accountabilities: Direct: Kuenley Gyeltshen, Forestry Officer, EID No. 9708040, Supervisory: Dorji Rabten, CFO, EID No. 200901187)

Status: Observation settled based on the justification and documents submitted vide letter No. PWS/ADM-20/2020-2021/499 dtd. 16/06/2021

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.262 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.262 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 Sept. 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
5.1	Excess Payment in construction	0.053	-	0.053
5.2	Outstanding Advances	0.155	-	0.155
5.3	Non reconciliation of revenue collection with revenue deposits	0.207	0.153	0.054
5.4	Missing Vouchers	-		Unsettled
	Total:	0.415	0.153	0.262

5.1. EXCESS PAYMENT IN CONSTRUCTION - NU. 0.053 MILLION

The cases of excess payment in constructions include;

- c) The RPPBC, Lingmethang had made excess payment of Nu. 0.053 million to M/s Tenzin Tsheldrup Construction for the construction of office-cum-conference hall in Lingmethang. The excess payment occurred due to non-deduction of beams and lintels from brickworks of doors and windows. (AIN: 16175; OB No.:1; Accountabilities: Direct: Mr. Lobzang Tshering, Contract Engineer, CID No.: 10504001104; M/s Tenzin Tsheldrup Construction CDB No.: 4062; Supervisory: Mr. Sonam Dendup, Farm Manager, EID No.: 9708012)

Status: Observation still not settled. Reminder letter issued from RAA vide letter No.RAA/BT/Fus-01/2020/114 dated 30/09/2020 but no further response submitted as of date.

5.2. OUTSTANDING ADVANCES - NU. 0.155 MILLION

The cases of outstanding advances include:

- b) The JDNP, DoFPS had not adjusted personal and public work advances from various parties and staff amounting to Nu. 0.155 million within the due date of liquidation. (AIN: 15764; OB No.: 3 Accountabilities: Direct: Sonam Wangchuk, Accountant, EID No. 2008077278 Supervisory: Rinzin Dorji, CFO, EID No. 200401059) Namgay, Offtg. CFO, EID 9810002; Sonam Wangchuk, Accountant, EID No. 200807278)

Status: Observation still not settled.

Resposne received from JDNP, Damji, Gasa vide letter No. JDNP/AD-17/2021-2021/303, dated: 12.11.2021 but it is not tenable. Accordnilgy, the RAA has issued latest Follow up Report no. RAA/FUCD/(B9)/JDNP-Damji/DoFPS-MoAF/310, on 25.03.2022 to take appropriet action against the responsible officials involed as per Section 55(21) of the Audit Act of Bhutan 2018.

5.3. NON-RECONCILIATION OF REVENUE COLLECTED WITH REVENUE DEPOSITS - NU. 0.054 MILLION

The Divisional Forest Office, Gedu had not reconciled the revenue collected with revenue deposits resulting in short deposit of Nu. 0.210 million. The information on deposits in RAMIS indicated short-deposit of Nu.0.091 million for FY 2016-17 and Nu.0.119 million for FY 2017-18. (AIN: 15734; OB No.: 1; Accountabilities: Direct: Dorji Gyeltshen, Accountant, EID No. 201007168; Nima Lhamo, Adm. Asstt. III, EID No. 2112001; Supervisory: Tashi Tobgyel, Chief Forestry Officer (CFO), EID No.9410070)

Status: Observation partially settled as per Follow Up Report No. RAA/OAAG-Pling/MoAF-DFO(Gedu)-D3/2022/28 dated 14/03/2022 issued by the RAA as of date.

From the principal amount of Nu. 0.207 million, an amount of Nu. 0.153 million is adjusted. However, balance amount of Nu.0.054 Million is recoverable. Response still awaited.

5.4. MISSING VOUCHERS

The JDNP, DoFPS had six missing vouchers for expenditures amounting to Nu. 3.110 million. Vouchers for Pay and Allowances and TA/DA payments accounted for maximum of the total expenditures. (AIN: 15764; OB No.: 12; Accountabilities: Direct: Sonam Wangchuk, Accountant, EID No. 2008077278; Supervisory: Namgay, Offtg. CFO, EID No. 9810002)

Status: Observation still not settled.

Resposne received from JDNP, Damji, Gasa vide letter No. JDNP/AD-17/2021-2021/303, dated: 12.11.2021 but it is not tenable. Accordnilgy, the RAA has issued latest Follow Up Report no. RAA/FUCD/(B9)/JDNP-Damji/DoFPS-MoAF/310, on 25.03.2022 to take appropraie action against the responsible officials involed as per Section 55(21) of the Audit Act of Bhutan 2018.

3.1.2. MINISTRY OF EDUCATION

During the year, the RAA had issued 17 audit reports of the Ministry of Education (MoE). One report was issued with 'Qualified' opinion. There were 120 observations amounting to Nu. 211.484 million of which Nu. 36.599 million were resolved as of 31 January 2020 and Nu. 165.353 million did not qualify for inclusion in the AAR.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Ministry and out of the balance unsettled irregularities of Nu. 1.375 million reported to the Parliament in October 2021; Nu. 0.127 million were settled leaving a baance of Nu.1.248 million unresolved as on 31 March 2022 as reported below.

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 Sept. 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
3	Mismanagement	0.704		0.704	
4	Non-Compliance to Laws and Rules	0.127	0.127	-	100.00
5	Shortfalls, Lapses and Deficiencies	0.544		0.544	
	Total:	1.375	0.127	1.248	9.24

The details of unsettled irregularities reported to the Parliament in October 2022; irregularities settled and unsettled balances as on 31 March 2022 are as discussed below:

3. MISMANAGEMENT - NU. 0.704 MILLION

The cases of mismanagement involving Nu. 0.704 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 Sept. 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
3.2	Non-reconciliation of statutory deductions	0.704	-	0.704
	Total:	0.704	-	0.704

3.2. NON-RECONCILIATION OF STATUTORY DEDUCTIONS - NU. 0.704 MILLION

The Drujeygang CS, DSE had difference of Nu. 0.704 million between the statutory deduction details maintained with the School and the details of remittances to the Regional Revenue and Customs Office. (AIN: 16440; OB No.: 1.1; Accountabilities: Direct: Karma Tobgay, Accountant, EID No. 201007218; Supervisory: Kinzang Tshewang, Principal, EID No. 200207398)

Status: Observation still not setteled.

Latest reminder/Action Taken Report (ATR) issued by RAA vide letter No. RAA/OAAG(T)/FUS-02/2020-2021/ 0546 dated: 14 April 2021

4. NON-COMPLIANCE TO LAWS AND RULES NU. 0.127 MILLION

The cases of non-compliance to laws and rules involving Nu. 0.127 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 Sept. 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
4.1	Defective Works	0.127	0.127	Settled
4.2	Non-channeling of donor funded projects through GNHC			Unsettled
4.3	Un-reconciled fund balance			Unsettled

	Total:	0.00	0.00	
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4.1. DEFECTIVE WORKS

The cases of defective works include:

- a) The newly constructed paved approach road to Wanakha CS under Paro Dzongkhag by M/s T&K Construction Pvt. Ltd had developed cracks on the pavement measuring 165.22 sqm valuing Nu. 0.127 million. *(AIN: 16286; OB No.:1.1; Accountabilities: Direct: Ms. Anisha Gurung, Site Engineer CID No. 11316000001; M/s TandK Construction Pvt. Ltd., contractor CDB No.: 2490 Supervisory: Dawa Wangmo Sherpa, Executive Engineer EID No. 200501180)*

Status: *Observation settled as the defective works were reported rectified vide no. Audit/SIDD-Edn/2022/332 dated 11/01/2022 along with pictorial evidences and certification of the Principal vide letter No. PD/WCS/concern-38/2021/1267 dated 20/11/2021.*

4.2. NON-CHANNELING OF DONOR FUNDED PROJECTS THROUGH GNHC

- a) The Department of Youth and Sports (DYS) had not channeled a project named “Robert Carr Network Fund Project” for the years 2016, 2017 and 2018 amounting to Nu.1.910 million through Gross National Happiness Commission (GNHC) as required in the GNHC Project Execution Manual 2014. The Project was operated through CD account maintained with Bhutan National Bank. *(AIN:15988; OB No.:1.7; Accountabilities: Direct: Rinzin Wangmo, Chief Program Officer, EID No.: 9111018, Supervisory: Gholing Tshering, Director General, EID No.: 8709035)*

Status: *Observation still not settled as of date.*

As per the response of the DYS, vide letter ref. No.DYS/YCD/(25) 2020-21/093 dated 04/08/2020 the issue is pending for discussion with the DPA, MoF.

- b) The Scouts and Cultural Education Division, DYS had not channeled seven projects amounting to Nu. 9.651 million through GNHC as required in the GNHC Project Execution Manual 2014. The projects that operated since 2013 relates to various activities including construction and leadership exchange programme. The projects were found operated through CD account maintained with Bhutan National Bank. *(AIN: 15988; OB No.:2.4; Accountabilities: Direct: Karma Tenzin, Chief Program Officer, EID No.: 9308040, Supervisory: Gholing Tshering, Director General, EID No.: 8709035)*

Status: *Observation still not settled as of date.*

Follow-up report issued vide RAA/FUCD(L5) DYS/2021/2051 dated 12/11/2021 asking the Department to justify the lapses besides taking the matter with GNHC and MoF and the decision reached be furnished to RAA for decision.

4.3. UNRECONCILED FUND BALANCE

The Dagapela MSS, Dagana had an unreconciled fund balance in their books of accounts amounting to Nu.1.243 million which could not be traced in the bank balance nor in cash. However, the school administration stated that the lapse had occurred due to non-updation of some cash payments on time. *(AIN: 16317; OB No.: 3; Accountabilities: Direct: Tez Bahadur*

Status: Observation still not settled as of date.

The principal amount of Nu. 1.243 million has been settled based on follow-up report No. RAA/OAAG(T)/FUS-02/2020-2021/249 dated 20/10/2020 leaving balance of 24% penal interest of Nu. 52,750.03 as of 31.03.2022.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.544 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.544 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 Sept.2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
5.3	Non-production of documents			Unsettled
5.4	Excess payment on procurement	0.544	-	0.544
5.5	Audit Clearance Certificates not obtained	-	-	Unsettled
	Total:	0.544	-	0.544

5.3. NON-PRODUCTION OF DOCUMENTS

The cases of non-production of documents include:

- a) The Drujeygang CS, Tsirang failed to provide remittance vouchers and acknowledgement receipts for Nu. 11.715 million on account of GIS, Education/Festival/Consumer loans from T-Bank, BDBL and Choethuen Tshogpa, etc. remitted to various agencies from the monthly Payroll for the FYs 2016-17 and 2017-18. Consequently, the authenticity of the deductions remitted to concerned agencies could not be ascertained and validated. (AIN: 16440; OB No.: 1.4; Accountabilities: Direct: Karma Tobgay, Accountant, EID No. 201007218; Supervisory: Kinzang Tshewang, Principal, EID No. 200207398)

Status: Observation still not settled as of date.

Latest Reminder/Action Taken Report (ATR) issued by RAA vide letter No. RAA/OAAG(T)/FUS-02/2020-2021/ 0546 dated: 14 April 2021.

- b) The Drujeygang CS, Tsirang failed to produce documents related to the withdrawal of Nu. 0.679 million from the School Development Fund due to which the authenticity of the withdrawal could not be validated. (AIN: 16440; OB No.: 9; Accountabilities: Direct: Karma Tobgay, Accountant, EID No. 201007218; Supervisory: Kinzang Tshewang, Principal, EID No. 200207398)

Status: Observation still not settled as of date..

Latest Reminder/Action Taken Report (ATR) issued by RAA vide letter No. RAA/OAAG(T)/FUS-02/2020-2021/ 0546 dated: 14 April 2021.

- c) The Drujeygang CS, Dagana failed to produce the remittance vouchers and acknowledgement receipt for statutory deductions amounting to Nu. 1.467 million. Without supporting documents, the authenticity of the statutory deductions remitted to concerned agencies could not be ascertained and validated. (AIN: 16440; OB No.: 1.3; Accountabilities: Direct: Karma Tobgay, Accountant, EID No. 201007218; Supervisory: Kinzang Tshewang, Principal, EID No. 200207398)

Status: Observation still not settled as of date..

Latest Reminder/Action Taken Report (ATR) issued by RAA vide letter No. RAA/OAAG(T)/FUS-02/2020-2021/ 0546 dated: 14 April 2021.

- d) The Drujeygang CS, Dagana did not produce the payroll and disbursement vouchers due to which the genuineness of the disbursement could not be established. (AIN: 16440; OB No.: 1.6; Accountabilities: Direct: Karma Tobgay, Accountant, EID No. 201007218 Supervisory: Kinzang Tshewang, Principal, EID No. 200207398)

Status: Observation still not settled as of date..

Latest Reminder/Action Taken Report (ATR) issued by RAA vide letter No. RAA/OAAG(T)/FUS-02/2020-2021/ 0546 dated: 14 April 2021.

- e) The Drujeygang CS, Dagana failed to produce its accounting records on the CD account maintained by the school. This was in contravention to the CS operational guidelines 2016 of the MoE. (AIN: 16440; OB No.: 3.1; Accountabilities: Direct: Karma Tobgay, Accountant, EID No. 201007218 Supervisory: Kinzang Tshewang, Principal, EID No. 200207398)

Status: Observation still not settled as of date..

Latest Reminder/Action Taken Report (ATR) issued by RAA vide letter No. RAA/OAAG(T)/FUS-02/2020-2021/ 0546 dated: 14 April 2021.

- f) The Drujeygang CS, Dagana had not submitted monthly and half-yearly reconciled financial statements to the Dzongkhag, MoE and Department of Public Accounts. This issue was also pointed in prior audits but the school had still failed to comply with requirements. (AIN: 16440; OB No.: 3.2; Accountabilities: Direct: Karma Tobgay, Accountant, EID No. 201007218 Supervisory: Kinzang Tshewang, Principal, EID No. 200207398)

Status: Observation still not settled.

Latest Reminder/Action Taken Report (ATR) issued by RAA vide letter No. RAA/OAAG(T)/FUS-02/2020-2021/ 0546 dated: 14 April 2021.

- g) The Drujeygang CS, Dagana did not produce the disbursement vouchers pertaining to procurement of goods and services for FY 2017-18 due to which the authenticity of the same could not be made. (AIN: 16440; OB No.: 4.1; Accountabilities: Direct: Karma Tobgay, Accountant, EID No. 201007218; Supervisory: Kinzang Tshewang, Principal, EID No. 200207398)

Status: Observation still not settled as of date..

5.4. EXCESS PAYMENT ON PROCUREMENT - NU. 0.544 MILLION

The cases of excess payment on procurement by Drujeygang CS, Dagana include:

- Payment of Nu. 0.462 million to M/s Gyelwang Enterprise, Thimphu for procurement of aluminium partition wall. The excess payment occurred as the supplier had supplied 4,497.014 sq ft against 5,835.000 sq ft. of aluminium partition.
- Payment of Nu. 0.082 million to M/s Gyelwang Enterprise, Thimphu and M/s Brother Sister Enterprise, Thimphu for procurement of floor carpet. The suppliers had supplied lesser quantity against the payment and order resulting in excess payment.

(AIN: 16440; OB No.: 4.3 and 4.4; Accountabilities: Direct: Karma Tobgay, Accountant, EID No. 201007218 Supervisory: Kinzang Tshewang, Principal, EID No. 200207398)

Status: *Observation still not settled as of date..*

Latest Reminder/Action Taken Report (ATR) issued by RAA vide letter No. RAA/OAAG(T)/FUS-02/2020-2021/ 0546 dated: 14 April 2021.

5.5. AUDIT CLEARANCE CERTIFICATES NOT OBTAINED

The Drukjegang CS, Dagana had not obtained Audit Clearance Certificates for the purpose of promotion and resignation in 2017-18 as required under BCSR. *(AIN: 16440; OB No.: 6; Accountabilities: Direct: Karma Tobgay, Accountant, EID No. 201007218 Supervisory: Kinzang Tshewang, Principal, EID No. 200207398)*

Status: *Observation still not settled as of date..*

Latest Reminder/Action Taken Report (ATR) issued by RAA vide letter No. RAA/OAAG(T)/FUS-02/2020-2021/ 0546 dated: 14 April 2021.

3.1.3. MINISTRY OF ECONOMIC AFFAIRS

During the year, the RAA had issued 14 audit reports of the Ministry of Economic Affairs (MoEA). One report was issued with 'Qualified' opinion. There were 26 observations amounting to Nu. 32.964 million of which Nu. 28.554 million were resolved as of 31 January 2020.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Ministry, however, the balance unsettled irregularities of Nu. 2.570 million reported to the Parliament in October 2021 remained unsettled as on 31 March 2022 as shown in the report below.

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 Sept. 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
4	Non-Compliance to Laws and Rules				Unsettled
5	Shortfalls, Lapses and Deficiencies	2.570		2.570	Unsettled
	Total:	2.570		2.570	-

The details of unsettled irregularities reported to the Parliament in October 2021; irregularities settled and unsettled balances as on 31 March 2022 are as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES

The cases of non-compliance to laws and rules are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 Sept. 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
4.1	Non-deduction of liquidated damages	-		Unsettled
4.2	Non-enforcement of insurance provision	-		Settled
4.3	Delay in completion of work	-		Unsettled
	Total:	-		

4.1. NON-DEDUCTION OF LIQUIDATED DAMAGES

The Department of Industry (DoI) had not calculated and deducted the applicable liquidated damages for the delay in the GoI funded project on 'construction of water supply at Dhamdum Industrial Park, Samtse'. The contract was awarded to M/s Ratnapung Construction for Nu.40.912 million. The work was not completed even after time extension of 60 days and subsequently, the contractor had abandoned the work. However, the DoI had released the 4th RA Bill without deducting the applicable liquidated damages. The case is currently under arbitration. (AIN: 15860; OB No.: 1.5.2; Accountabilities: Direct: Kinley Dorji, Site Engineer, CID No: 20170108548; Sonam Wangchuk Project Engineer, CID No: 12008001786, Karma Yangki, Project Manager, EID No: 20170108548; Supervisory: Kezang Deki, Chief Engineer, EID No: 200401011)

Status: Observation still not settled as of date..

This is the case against M/s Ratnapung Construction Private Limited against Dhamdum Industrial Park Water Supply Construction Contract. As per the letter No. MoEA/IIDD(Audit)-01/2020/2502 dated 13 Oct. 2021 of the Department the case is in BADRC (under arbitration). The whereabouts of the contractor is reported to be unknown.

4.2. NON-ENFORCEMENT OF INSURANCE PROVISION

The DoI had not enforced the insurance provision as stipulated in the contract document for the Check Dam and Gabion wall in Motanga, Samdrupjongkhar that was constructed by M/s Tenzin Geleg Construction Pvt. Ltd. at a cost of Nu. 24.590 million. Subsequently, the Check Dam and Gabion wall had toppled and washed away resulting in a huge financial loss. The failure on the part of the Department to invoke the insurance provision stipulated in the contract document was not justified besides lacking immediate action to repair the damaged work. (AIN 15726; OB No.: 3.2; Accountability: Direct: M/s Tenzin Geleg Construction Pvt.Ltd, CDB No: 1416 Pema Kelzang, Site Engineer, EID:20170108547, Suk Kumar, DEE, EID:201001173; Supervisory: KezangDeki, Chief Engineer, EID:200401011)

Status: Observation settled vide Follow-up report No.RAA/FUCD(03)DoI/IIDD/2022/149 dated 14/02/2022 as an administrative action was taken against the accountable official.

4.3. DELAY IN COMPLETION OF WORK

The DoI had not ensured the timely completion of the construction of water supply at Jigmeling Industrial Park, Sarpang. The contract was awarded to M/s Sonam Mebar Construction Pvt. Ltd. for Nu. 34.223 million. Despite a lapse of 10 months from the expected date of completion, the contractor was unable to complete the works and had abandoned the construction works. The case is currently under Arbitration. (AIN: 15860; OB No.: 3.2.2; Accountabilities: Direct: Kushyog Subba, Project Engineer, CID No.: 11204001380 M/s Sonam Mebar Construction, CDB No: 6133; Supervisory: Kezang Deki, Chief Engineer, EID No.: 200401011)

Status: Observation still not settled as of date.

As per the Department's response ref. No.MoEA/IIDD(Audit)-01/2020/2436 dt. 10/12/2020 M/s. Soenam Mebar Construction Pvt. Ltd. has appealed to the Supreme Court after the High Court's verdict Arbitral Award issued by the Arbitral Tribunal on 6th April 2020.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 2.570 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 2.570 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 Sept. 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
5.2	Payment without execution of work	2.570	-	2.570
	Total:	2.570	-	2.570

5.2. PAYMENT FOR WORK NOT EXECUTED - NU. 2.570 MILLION

The DoI had made excess payment amounting to Nu. 2.570 in the GoI funded project 'Construction water supply at Dhamdum Industrial Park, Samtse'. The contractor had claimed for executing two buffer tanks against one number executed at site, resulting in excess payment for unexecuted works amounting to Nu. 2.206 million. Further, the quantities for construction of boundary wall for Water Treatment Plant, slow sand filter and clear water reservoir were recorded in excess as against the actual quantities executed at site resulting in payment for

unexecuted works amounting to Nu. 0.364 million. (AIN: 15860; OB No.: 1.5.1; Accountabilities: Direct: Kinley Dorji Site Engineer, CID No: 10713000909; Sonam Wangchuk Project Engineer, CID No: 12008001786; Karma Yangki Project Manager, EID No: 20170108548; Supervisory: Kezang Deki Chief Engineer, EID No.: 200401011)

Status: Observation still not settled as of date..

This is the case against M/s Ratnapung Construction Private Limited against Dhamdum Industrial Park Water Supply Construction Contract. As per the letter No. MoEA/IIDD(Audit)-01/2020/2502 dated 13 Oct. 2021 of the Department the case is in BADRC (under arbitration). The whereabouts of the contractor is reported to be unknown.

3.1.4. MINISTRY OF FINANCE

During the year, the RAA had issued five audit reports of the Ministry of Finance (MoF). There were 20 audit observations amounting to Nu. 22.271 million of which Nu. 2.399 million were resolved as of 31 January 2020 and Nu. 0.956 million did not qualify for inclusion in the AAR.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Ministry, however, the balance unsettled irregularities of Nu. 4.656 million reported to the Parliament in October 2021 remained unsettled as on 31 March 2022 as shown in the report below

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 Sept. 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
3	Mismanagement	4.535		4.535	
5	Shortfalls, Lapses and Deficiencies	0.121		0.121	
	Total:	4.656		4.656	

The details of unsettled irregularities reported to the Parliament in October 2021; irregularities settled and unsettled balances as on 31 March 2022 are as discussed below:

3. MISMANAGEMENT - NU. 4.535 MILLION

The cases of mismanagement involving Nu. 4.535 million are as indicated below:

3.1. OUTSTANDING TAXES AND LIABLE PENAL INTEREST - NU. 4.535 MILLION

The cases of outstanding taxes and liable penal interest include:

- The Regional Revenue and Customs Office (RRCO), Thimphu showed outstanding taxes and liable penal interest on the tax amounting to Nu. 12.941 million. The taxes amounting to Nu. 7.519 million pertained to Business Income Tax and Corporate Income Tax. Penal interest on tax amounted to Nu. 5.422 million. (AIN: 15723; OB No.: 2; Accountabilities: Direct: Deki

Wangmo, Deputy Collector, EID No. 200701109 Supervisory: Nidup Gyeltshen, Regional Director, EID No. 9610072)

Status: Observation partially settled.

Out of Nu.12.941 million an amount of Nu. 8.643 million recovered vide Rt.No. RC491985604739 dated 22/5/2019, & Nu.109,092.05 vide Rt. No. 952182602088 dated 12/8/2021 recovered from M/s Tagsing Chung Druck Const. Leaving a balance amount of Nu.4.189 million as on 12/10/2021 (Refer .RRCO/RAAS/TH/Audit Repoet/11/2021/ 920 dated 7/10/2021).

- c) The RRCO, Samdrupjongkhar had outstanding tax amounting to Nu. 0.346 million to be collected. The outstanding amount pertained to Business Income Tax for which 24% penal interest on late deposit was also applicable in addition to the outstanding tax. (AIN: 15846; OB No.: 1; Accountabilities: Direct: Pema Jamtsho, Dy. Collector, 201001052; Supervisory: Anok Kr. Rai, Regional Director, EID No. 9811014)

Status: The observation partially settled.

Nu. 174,290.48 was adjusted based on the RRCO, Samdrupjongkhar's response/ATR letter No. RRCO/SJ/TAX/ADM-02/2018-2019/04 submitted on 01/07/2019 leaving a balance amount of Nu 346,256.04 as of date.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.121 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.121 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 Sept. 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
5.2	Outstanding Advances	0.121	-	0.121
	Total	0.121	-	0.121

5.2. OUTSTANDING ADVANCES - NU. 0.121 MILLION

The RRCO, Gelephu had outstanding personal advances amounting to Nu. 0.121 million against various employees which had not been adjusted by the end of FY 2017-18. (AIN: 15949; OB No.: 3; Accountabilities: Direct: Ngawang Gyeltshen, Account Asst, EID No. 200207189; Supervisory: Ugyen Namgyel, Regional Director, EID No. 9101155)

Status: Observation still not settled. Latest reminder/Action Taken Report (ATR) issued by RAA vide letter No. RAA/OAAG (T)/FUS-02/2020-2021/ 0560 dated: 14 April 2021.

3.1.6. MINISTRY OF HEALTH

Out of the total unsettled significant irregularities of Nu.7.661 million reported to the Parliament in July 2020, the Ministry had settled irregularities amounting to Nu.7.201 million leaving a balance of Nu.0.460 million as on 30 September 2021 as summarized below:

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Ministry, however, the balance unsettled irregularities of Nu. 0.460 million reported to the Parliament in October 2021 remained unsettled as on 31 March 2022 as shown in the report below

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 Sept. 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
2	Embezzlement				Unsettled
3	Mismanagement	0.460		0.460	
	Total:	0.460		0.460	

The details of unsettled irregularities reported to the Parliament in October 2021; irregularities settled and unsettled balances as on 31 March 2022 are as discussed below:

2. EMBEZZLEMENT

The cases with elements of embezzlement is as indicated below:

2.1. EMBEZZLEMENT OF GOVERNMENT FUND

The accountant of the Secretariat, MoH had embezzled Nu. 0.732 million from government fund. The accountant had made disbursement of stipend to students who had already completed their studies and double payment of stipend and book allowances for some students for few months through cheques. However, the cheques were encashed by forging signature of the students. Although the amount had been recovered, the Ministry is yet to take an appropriate action as per the Law of the Land. *(AIN: 15986; OB No.: 1.1; Accountabilities: Direct: Namgay Phuntsho, Account Asst., EID No. 200907187 Supervisory: Rudra Mani Dhimal, Dy. Chief Finance Officer, EID No. 2001022; Damchu Duba, Chief Procurement Officer, EID No. 8103027; Tenzin Pelden, Finance Officer, EID No. 201101058; Tshering Dekar, Finance Officer, EID No. 200901044; Phub Zam, Finance Officer, EID No. 200801132; Cham Thinley, Account Asstt., EID No. 8511035; Chandra Mani Panda, Account Asstt., EID No.200307139)*

Status: *Observation still not settled.*

The misused amount of Nu.732,000.00 was recovered and deposited into Audit Recoveries Account during the memo stage. However, no appropriate action as per the Laws of the Land is taken against the responsible officials as of date.

3. MISMANAGEMENT – Nu. 0.460 MILLION

The cases of mismanagement involving Nu. 0.460 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 Sept. 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
3.2	Non-realization of Sale proceeds	0.460	-	0.460
	Total:	0.460	-	0.460

3.2. NON-REALIZATION OF SALE PROCEEDS - NU. 0.460 MILLION

The Secretariat, Bhutan Health Trust Fund had not realized sale proceeds amounting to Nu. 0.810 million from four Lottery Agents and Bhutan Development Bank Limited. The proceeds were from the sale of Special Annual 'Move for Health' Lottery in 2017. (AIN: 15829; OB No.:1; Accountabilities: Direct: *Sonam Phuntsho, Director, EID No. 9101145; Supervisory: Sonam Phuntsho, Director, EID No. 9101145*)

Status: *Observation still not settled.*

An amount of Nu. 0.350 million was adjusted vide Follow-up Report No. RAA/FUCD/(F7)/CD accounts/BHTF/2021/826 dated 20/05/2021 for Bhutan Smart Lottery. Meanwhile, the balance of Nu.0.460 million against Serzang Lottery, Tashigang is under appeal at the Larger Bench, High Court.

3.1.7. MINISTRY OF HOME AND CULTURAL AFFAIRS

During the year, the RAA had issued 18 audit reports of the Ministry of Home and Cultural Affairs (MoHCA). Two reports were issued with 'Qualified' opinion. There were 85 observations amounting to Nu. 58.015 million of which Nu. 3.794 million were resolved as of 31 January 2020 and Nu. 8.038 million did not qualify for inclusion in the AAR.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Ministry and out of the balance unsettled irregularities of Nu.39.720 million reported to the Parliament in October 2021; Nu. 6.629 million were settled leaving a balance of Nu.33.571 million unresolved as on 31 March 2022 as reported below.

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 Sept. 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
4	Non-compliance to laws and rules	13.484		13.484	
5	Shortfalls, lapses and deficiencies	26.237	6.629	20.087	25.27
	Total:	39.721	6.629	33.571	16.69

The details of unsettled irregularities reported to the Parliament in October 2021; irregularities settled and unsettled balances as on 31 March 2022 are as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 13.484 MILLION

The cases of non-compliance to laws and rules involving Nu.13.484 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 Sept. 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
4.1	Non-enforcement of contract terms upon termination	6.984	-	6.984
4.2	Non-levy of liquidated damages	3.492	-	3.492
4.3	Irregular retention of Cash	3.008	-	3.008
4.4	Non termination for breach of contract	-	-	Unsettled
4.7	Construction of building without obtaining permit	-	-	Unsettled
Total:		13.484	-	13.484

4.1. NON-ENFORCEMENT OF CONTRACT TERMS UPON TERMINATION - NU. 6.984 MILLION

The Royal Bhutan Police (RBP) had not recovered the 20% employer's additional cost for completing the remaining work valued at Nu. 6.984 million in the construction of integrated academic block at RBP Training Institute, Jigmeling. The RBP had not enforced terms of contract upon termination of M/s Druk Tsentop Construction, Paro for breach of contract. (AIN: 15981; OB No.: 1.1; Accountabilities: Direct: Sonam Phuntsho, Site Engineer, RBP, PIN: 5979, CID No.11505005084; M/s Druk Tsentop Construction Pvt. Ltd. Paro, CDB No. 4081 Supervisory: Sonam Wangdi, Chief Engineer, RBP, PIN2004, CID No. 11506001122)

Status: Observation still not settled.

Follow-up report has been issued by RAA vide letter No. RAA/FUCD(Y1-RBP)2021/2432 dt.23/12/2021. RAA await of Court Verdict.

4.2. NON/SHORT-LEVY OF LIQUIDATED DAMAGES - NU. 3.492 MILLION

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

- a) The RBP had not recovered liquidated damages amounting to Nu 3.492 million from M/s Druk Tsentop Construction, Paro in the construction of Integrated Academic Block at RBP Training Institute, Jigmeling. The RBP had failed to recover liquidated damages as specified in the contract agreement despite consideration of undue delays and failure of the contractor to complete the work. (AIN: 15981; OB No.: 1.2; Accountabilities: Direct: Sonam Phuntsho, Site Engineer, RBP, PIN 5979, CID No.11505005084; M/s Druk Tsentop Construction Pvt. Ltd. Paro, CDB No. 4081 Supervisory: Sonam Wangdi, Chief Engineer, RBP, PIN2004, CID No. 11506001122)

Status: Observation still not settled.

Follow-up report has been issued by RAA vide letter No. RAA/FUCD(Y1-RBP)2021/2432 dt.23/12/2021. RAA await of Court Verdict.

4.3. IRREGULAR RETENTION OF FUND - NU. 3.008 MILLION

The cases of irregular retention of funds include:

- a) The RBP had retained Nu. 2.239 million in the form of demand draft which was in contravention to the FRR 2016. The money was retained to avoid fund lapses since the construction of Integrated Academic Block at RBP Training Institute, Jigmeling could not be completed before the closure of FY 2017-18. (AIN: 15981; OB No.: 1.4; Accountabilities: Direct: Sonam Phuntsho, Site Engineer, RBP, PIN 5979, CID No.11505005084; M/s Druk Tsentop Construction Pvt. Ltd. Paro, CDB No. 4081 Supervisory: Sonam Wangdi, Chief Engineer, RBP, PIN2004, CID No. 11506001122)

Status: *Observation partially settled.*

Against the irregular retention of fund amounting to Nu. 2.239 million, the RBP has deposited Nu.2.231 million into ARA vide receipt no. 03137, dated: 07.7.2020 leaving a balance amount of Nu.8,227.13 as of 31.03.2022. Accordingly, the RAA has issued Follow-up report No. RAA/FUCD(Y1-RBP)2021/2432 dated: 23/12/2021 to settle the balance amount.

- b) The RBP had retained Nu. 3.000 million in the form of demand draft which was in contravention to the FRR 2016. The money was retained to avoid fund lapses since the construction of Officers' Quarters at Phomshing, Trashigang could not be completed before the closure of FY 2017-18. (AIN: 15981; OB No.: 2.3; Accountabilities: Direct: Sanga Rigyel, Dy. Executive Engineer, RBP PIN4646, CID No. 11107000670; M/s K C Construction Pvt. Ltd. Thimphu, CDB No. 2146 Supervisory: Sonam Wangdi, Chief Engineer, RBP)

Status: *Observation still not settled.*

Follow-up report has been issued by RAA vide letter No. RAA/FUCD(Y1-RBP)2021/2432 dt.23/12/2021. The Issue has been registered with the Arbitration Tribunal.

4.4. NON-TERMINATION FOR BREACH OF CONTRACT

The RBP had not terminated the contract of M/s KC Construction for fundamental breach of contract in the construction of Officers' Quarters at Phomshing, Trashigang. Although the contractor was supposed to complete works on 31 August 2017, the work was found incomplete at the time of audit in January 2019. (AIN: 15981; OB No.: 2.2; Accountabilities: Direct: Sanga Rigyel, Dy. Executive Engineer, RBP PIN4646, CID No. 11107000670; M/s K C Construction Pvt. Ltd. Thimphu, CDB No. 2146 Supervisory: Sonam Wangdi, Chief Engineer, RBP PIN2004, CID No.11506001122)

Status: *Observation still not settled.*

Follow-up report has been issued by RAA vide letter No. RAA/FUCD(Y1-RBP)2021/2432 dated: t.23/12/2021. The Issue has been registered with the Arbitration Tribunal.

4.7. CONSTRUCTION OF BUILDING WITHOUT OBTAINING PERMIT

The RBP had not obtained permit for the construction of Buildings as required under the Development Control Rules and Regulations 2016. The Fire Service Division of RBP, Thimphu had carried out development and construction of buildings in various locations within the Thromde area without obtaining permit. (AIN: 16125; OB No.: 1; Accountabilities: Direct: Sonam Tobgay, Asstt. Engineer, PIN: 6617 Supervisory: Col. Karma Tshering, Superintendent of Police, PIN: 104)

Status: Observation still not settled.

Follow-up report has been issued by RAA vide letter No. RAA/FUCD(Y3-FSD, RBP)2021/2433 dated: 23/12/2021. Response awaited.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 20.087 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 20.087 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 Sept. 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
5.1	Inadmissible Payment in construction	14.068	0.160	13.920
5.2	Excess Payment	12.169	6.469	6.167
	Total:	26.237	6.629	20.087

5.1. INADMISSIBLE PAYMENT IN CONSTRUCTION - NU. 13.920 MILLION

The RBP had made inadmissible payments for various constructions as follows:

- a) Nu. 6.139 million to M/s Druk Tsentop Construction Pvt. Ltd in the construction of RBP training institute at Jigmeling. The contractor had not carried out several BoQ item works at site. (AIN: 15981; OB No.: 1.3; Accountabilities: Direct: Sonam Phuntsho, Site Engineer, RBP, PIN5979, CID No. 11505005084; Phurba Dorji, Site Engineer, PIN6150, CID No. 12004000562; M/s Druk Tsentop Construction Pvt. Ltd. Paro, CDB No. 4081; Supervisory: Sonam Wangdi, Chief Engineer, RBP PIN2004, CID No.11506001122)

Status: Observation still not settled.

Follow-up report has been issued by RAA vide letter No. RAA/FUCD(Y1-RBP)2021/2432 dated: 23/12/2021. RAA await Court Verdict.

- b) Nu. 7.769 million to M/s K C Construction Pvt. Ltd in the construction of officers' quarters at Phomshing in Trashigang. The payment was made for items of work not executed as per the BoQ at site. (AIN: 15981; OB No.: 2.1; Accountabilities: Direct: Sanga Rigyel, Dy. Executive Engineer, RBP PIN 4646, CID No. 11107000670; M/s K C Construction Pvt. Ltd. Thimphu, CDB No. 2146 Supervisory: Sonam Wangdi, Chief Engineer, RBP PIN2004, CID No.11506001122)

Status: Observation still not settled.

Follow-up report has been issued by RAA vide letter No. RAA/FUCD(Y1-RBP)2021/2432 dated: 23/12/2021. The issue has been registered with the Arbitration Tribunal

- c) Nu. 0.160 to M/s Tshering Samdrup Construction Pvt. Ltd in the construction of G+4 storied Officers Quarter (2x10 units), RBP Headquarters, Thimphu. The payment pertained to window and door works which were not executed at site. (AIN: 16396; OB No.: 1.1 Accountabilities: Direct: Tshering Phuntsho, Dy. Executive Engineer, PIN: 6153) M/s Tshering Samdrup Construction Pvt. Ltd, Thimphu CDB No. 1146 and Licence No. 1030275 Supervisory: Sonam Wangdi, Chief Engineer, RBP PIN: 2004, CID No. 11506001122)

Status: *Observation partially settled.*

As the principal amount of Nu.160, 000.00 was deposited into ARA vide receipt No.03139 dt.07/7/ 2020 leaving the accumulated penalty amount of Nu. 10,204.93 unrecovered as of 31.03.2022. The Follow-up report was issued by RAA vide RAA/FUCD(Y1-RBP)2021/2432 dated: 23/12/2021 for the recovery of 24% penalty amounting to Nu.10,204.93. The case has been registered with the Arbitration Tribunal.

5.2. EXCESS PAYMENT - NU. 6.167 MILLION

The RBP had made excess payment for various constructions as follows:

- a) Nu. 3.379 million to M/s Tshering Samdrup Construction Pvt. Ltd in the Construction of G+4 storied Officers' Quarter (2x10 units), Royal Bhutan Police Headquarters, Thimphu. The payment had occurred due to difference in the actual work done at site as against bills claimed by the contractor. (AIN: 16396; OB No.: 1.2; Accountabilities: Direct: Tshering Phuntsho, Dy. Executive Engineer PIN: 6153; M/s Tshering Samdrup Construction Pvt. Ltd, Thimphu CDB No. 1146 and Licence No. 1030275 Supervisory: Sonam Wangdi, Chief Engineer, RBP PIN: 2004, CID No.11506001122)

Status: *Observation partially settled.*

The principal amount of Nu. 3.379 million was deposited into ARA vide receipt No.03139 dt.07/7/2020 leaving the accumulated 24% penalty amount of Nu. 0.216 million as of date. The issue has been registered in the Arbitration Tribunal. Follow-up report was issued by RAA vide RAA/FUCD(Y1-RBP)2021/2432 dt.23/12/2021 for the 24% penalty amount.

- b) Nu. 8.561 million to M/s Tshering Samdrup Construction Pvt. Ltd in the Construction of G+4 storied Officers' Quarter (2x10 units), RBP Headquarters, Thimphu. The payment on account of Price Adjustment was done without using the appropriate formula resulting in inadmissible payment of Nu. 7.870 million. Further, due to decrease in price index, variation of materials recoverable from the contractor amounted to an additional Nu. 0.691 million. (AIN: 16396; OB No.: 1.4; Accountabilities: Direct: Tshering Phuntsho, Dy. Executive Engineer P No. 6153 M/s Tshering Samdrup Construction Pvt. Ltd, Thimphu CDB No. 1146 and Licence No. 1030275 Supervisory: Sonam Wangdi, Chief Engineer, RBP PIN: 2004, CID No. 11506001122)

Status: *Observation partially settled.*

Out of Nu. 8.561 million, the amount of Nu. 2.610 million has been settled, leaving a balance amount of Nu.5.951 million. The Follow-up report was issued by RAA vide letter no. RAA/FUCD(Y1-RBP)2021/2432 dt.23/12/2021.

- e) Nu. 0.229 million to M/s Uphel Construction Pvt. Ltd in the blacktopping of internal road at the Prison Services Division at Chamgang. The payment occurred due to double inclusion of item of work 'Granular Sub-Base' in the preparation of estimates and BoQ. (AIN: 16387; OB No.: 2.1; Accountabilities: Direct: Sonam Tobgay, Assistant Engineer PIN: 5029; M/s Uphel Construction Pvt. Ltd. CDB no. 5441 and License No. 1026811; Supervisory: Sonam Wangdi, Chief Engineer PIN: 2004)

Status: Observation settled.

Based on the Nu. 193,459.44 deposited into ARA vide receipt no. 429475 dt.05.2.2020 and the amount of Nu.286,897.02 deposited into ARA along with 24% penalty vide receipt No.03061 dt.24.06.2021.

3.1.8. MINISTRY OF INFORMATION AND COMMUNICATION

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Ministry, however, the balance unsettled irregularities of Nu.1.886 million reported to the Parliament in October 2021 remained unsettled as on 31 March 2022 as shown in the report below.

Cat. Code	Category Description	Irregularities reported to the Parliament in Sept. 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
3	Mismanagement	0.561		0.561	
4	Non-compliance to laws and rules				Unsettled
5	Shortfalls, lapses and deficiencies	1.325		1.325	
	Total:	1.886		1.886	

The details of unsettled irregularities reported to the Parliament in October 2021; irregularities settled and unsettled balances as on 31 March 2022 are as discussed below:

3. MISMANAGEMENT – NU. 0.561 MILLION

The cases of mismanagement involving Nu. 0.561 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 Sept. 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
3.2.	Outstanding annual registration renewal fee	0.561	-	0.561
	Total:	0.561		0.561

3.2. OUTSTANDING ANNUAL REGISTRATION RENEWAL FEE - NU. 0.561 MILLION

The Road Safety and Transport Authority (RSTA) base offices in Monggar and Lhuntse had outstanding renewal fees amounting to Nu. 0.561 million. The outstanding fees pertained to annual renewal of vehicle registration certificates of 130 vehicles. (AIN: 16468; OB No.4; Accountabilities: Direct: Dechen Wangmo, Sr. MVI, EID No.200607016; Supervisory: Lhendup Dorji, Senior RTO, EID No. 201101005)

Status: Observation not settled. The outstanding fees of Nu.0.561m remained unrealized as of date.

4. NON-COMPLIANCE TO LAWS AND RULES

The cases of non-compliance to laws and rules is as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 Sept. 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
4.3	Change/Mismatch of contractor's key Personnel	-		Unsettled
	Total:	-		-

4.3. CHANGE/MISMATCH OF CONTRACTOR'S KEY PERSONNEL

The DoAT had allowed change/mismatch of contractor's key personnel in the ADB funded Construction of Terminal Building at Bumthang Domestic Airport. M/s Rinson Construction Co. Pvt. Ltd had engaged personnel other than the committed ones without meeting the required work experience and without obtaining the approval from the project management. (AIN: 16348; OB No.: 1.6; Accountabilities: Direct: Jamyang T Dorji, Dy. Ex. Engineer, EID No.201101166; Supervisory: Karma Wangchuk, Director, EID No. 9004059)

Status: Observation still not settled. Response awaited in audit

5. SHORTFALLS, LAPSES AND DEFICIENCIES - NU. 1.325 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu.1.325 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 Sept. 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
5.2	Ineligible payment of consultancy fees	0.915	-	0.915
5.4	Excess Payment	0.410	-	0.410
	Total:	1.325	-	1.325

5.2. INELIGIBLE PAYMENT OF CONSULTANCY FEES - NU. 0.915 MILLION

The DoAT had made ineligible payment of Nu. 0.915 million to M/s LEAPP-Gyaltshen Consultancy in the ADB funded Construction of Terminal Building at Bumthang Domestic Airport. The project management had paid vehicle hire charges and work monitoring and supervision fees for three winter months even when the work was completely stopped in

contervention to the contract agreement. (AIN: 16348; OB No.: 1.2; Accountabilities: Direct: Jamyang T Dorji, Dy. Ex. Engineer, EID No.201101166 Supervisory: Karma Wangchuk, Director, EID No. 9004059)

Status: Observation still not settled.

The 4th Follow-up report was issued by RAA vide letter No.RAA/FUCD(N7-1)/DoAT/ADB Project/2021/1693, dated: 15/09/2021. Response still awaited.

5.4. EXCESS PAYMENT - NU. 0.410 MILLION

The cases of excess payment include:

- e) The DoAT had made excess payment amounting to Nu. 0.335 million (Nu. 0.085 million to M/s Tshering Samdrup Construction Pvt. Ltd. and Nu. 0.250 million to M/s LEAPP-Gyaltshen Consultancy) in the ADB funded project on Construction of Staff Quarters at the Gelephu Domestic Airport. The revised project duration for the construction was 19 months and the work was also found completed within the revised project duration. However, the contractor was paid for providing office space and operating utility vehicle besides payment of consultancy fees to the supervising consultant engineer for one additional month. (AIN: 16348; OB No.: 2.6; Accountabilities: Direct: Jamyang T Dorji, Dy. Ex. Engineer, EID No.201101166 Supervisory: Karma Wangchuk, Director, EID No. 9004059)

Status: Observation still not settled. The response awaited in audit.

Time extension approval given by ADB for consultancy (Attachment-2) is for Bumthang Domestic Airport construction and not for Gelephu Domestic Airport construction. Therefore, this document is not relevant to the observation. The additional payment for hire of office space and utility vehicle amounting to Nu. 85,000.00 to the contractor is not admissible, since the physical work of the project was completed within the extended project duration of 19 months and the question of additional one month's payment for office space and for operating utility vehicle does not arise. Therefore, the inadmissible payment of Nu.335,000/- made to the contractor must be recovered and deposited into the Audit recoveries A/c along with the penalty @24% p.a. from the due date of the report i.e. 20/02/2020. Until such action is being taken by the department the observation shall stand.

- g) The RSTA had made excess payment of Nu. 0.075 million to M/s Tshondup Construction for office expansion and alteration of Road Safety and Transport Authority, Regional Office Building, Monggar. The excess payment occurred due to differences in quantities of work actually executed and quantities for which payment was made. (AIN: 16468; OB No.: 1; Accountabilities: Direct: Lhendup Dorji, Senior RTO, EID No. 201101005; Supervisory: Lhendup Dorji, Senior RTO, EID No. 201101005)

Status: Observation still not settled. RAA has not received any response from the RSTA, Mongar as of date

3.1.9. MINISTRY OF LABOUR AND HUMAN RESOURCES

During the year, the RAA had issued eight audit reports of the Ministry of Labour and Human Resources (MoLHR). There were 24 observations amounting to Nu. 22.476 million of which Nu. 1.019 million were resolved as of 31 January 2020 and Nu. 0.212 million did not qualify for inclusion in the AAR.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Ministry and out of the balance unsettled irregularities of Nu. 19.595 million reported to the Parliament in October 2021; Nu.1.659 million were settled leaving a balance of Nu.17.936 million unresolved as on 31 March 2022 as reported below.

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 Sept. 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
4	Non-compliance to laws and rules	15.241	1.000	14.241	6.56
5	Shortfalls, lapses and deficiencies	4.354	0.659	3.695	15.14
Total:		19.595	1.659	17.936	8.47

The details of unsettled irregularities reported to the Parliament in October 2021; irregularities settled and unsettled balances as on 31 March 2022 are as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES - NU. 14.241 MILLION

The cases of non-compliance to laws and rules involving Nu. 14.241 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 Sept. 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
4.1	Outstanding Advances	9.938	1.000	8.938
4.2	Non-levy of Liquidated Damage	5.303	-	5.303
Total:		15.241	1.000	14.241

4.1. OUTSTANDING ADVANCES - NU. 8.938 MILLION

The cases of outstanding advances include:

- The Department of Technical Training Institute (DTTI) had unadjusted advances amounting to Nu. 8.938 million against M/s Druk Tsentop Construction Pvt. Ltd. in the GoI funded project on Construction of Training Center at Jigme Wangchuck Power Training Institute in Dekiling, Sarpang. The contractor for Package-C was terminated by the Ministerial Level Tender Committee for fundamental breach of contract but the advances paid to the contractor remained unadjusted. (AIN: 16150; OB No.: 1.1; Accountabilities: Direct: Lobzang

Dorji, Site Engineer, EID No. 9001016; Thaye Choden Dorji, Project Engineer, EID No. 20150105099; M/s Druk Tsentop Construction Pvt. Ltd. Paro, CDB No. 4801; Supervisory: Sangay Dorji, Chief Programme Officer, EID No. 9109013, Pelden Tshering, Training Director, EID No. 9011034)

Status: *Observation still not settled.*

Repeated reminders issued to the management by RAA but no response/ATR submitted as of date. Last reminder issued by RAA vide letter No. RAA/FUCD/(C1)MoLHR/2021/540, dated 12/4/2021.

- b) The DTTI had unadjusted advances amounting to Nu. 1.000 million against M/s Tenzin Geleg Construction in the GoI funded project on Construction of Training Center at the Jigme Wangchuck Power Training Institute in Dekiling, Sarpang. The construction of Executive Hostel, Barrack type and Director's Quarter showed an outstanding materials advance which had not been adjusted although 91.2% of the total contract work were completed. *(AIN: 16150; OB No.: 2.6; Accountabilities: Direct: Lobzang Dorji, Site Engineer, EID No. 9001016; Thaye Choden Dorji, Project Engineer, EID No. 20150105099; M/s Tenzin Geleg Construction Pvt. Ltd., Gelephu, CDB No.10 1416, CID 11509003165; Supervisory: Sangay Dorji, Chief Programme Officer, EID No. 9109013, Pelden Tshering, Training Director, EID No. 9011034)*

Status: *Observation settled.*

Nu.1,000,000.00, of the Mobilization advance has been adjusted from the final Bill of the Contractor M/s Tenzin Galeg Construction Pvt. Ltd. vide Voucher No. DV.9.27 in books of accounts of MoLHR through e-PEMS. Refer adjustment details submitted by MoLHR vide letter No. DTE/JWPTI-5(B)2021-22/556 dated 19th Oct 2021.

4.2. NON-LEVY OF LIQUIDATED DAMAGES - NU. 5.303 MILLION

The DTTI had not levied liquidated damages amounting to Nu. 5.303 million on M/s Druk Tsentop Construction Pvt. Ltd in the GoI funded project on Construction of Training Center at Jigme Wangchuck Power Training Institute in Dekiling, Sarpang. The Construction of Package C (Instrumentation Lab, Plumbing and Mechanical Workshop and Recreational hall) was delayed by 172 days as on the date of termination of the contract and liable for LD at maximum percentage of 10% was also not levied. *(AIN: 16150; OB No.: 1.4; Accountabilities: Direct: Lobzang Dorji, Site Engineer, EID No. 9001016; Thaye Choden Dorji, Project Engineer, EID No. 20150105099; M/s Druk Tsentop Construction Pvt. Ltd. Paro, CDB No. 4801 Supervisory: Sangay Dorji, Chief Programme Officer, EID No. 9109013, Pelden Tshering, Training Director, EID No. 9011034)*

Status: *Observation still not settled.*

The Follow-up report issued by RAA vide letter no. RAA/FUCD/(C1)MoLHR/2021/540 dated 12th April 2021. The case is still with Sarpang Court as intimated by Mr. Sangay Dorji, Chief, DTE, MoLHR,

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 3.695 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 3.695 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 Sept. 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
5.2	Grant of excessive material secured advance	3.695	-	3.695
5.3	Excess Payment	0.659	0.659	-
	Total:	4.354	0.659	3.695

5.2. GRANT OF EXCESSIVE MATERIAL SECURED ADVANCE - NU. 3.695 MILLION

The DTTI had granted excessive materials advance amounting to Nu. 3.695 million to M/s Druk Tsentop Construction Pvt. Ltd in the GoI funded project on Construction of Training Center at the Jigme Wangchuck Power Training Institute in Dekiling, Sarpang. The Contractor was provided with material advance of Nu. 7.389 without actually receiving equivalent materials at site resulting in excessive advance of Nu. 3.695 million in the Construction of Package C (Instrumentation Lab, Plumbing and Mechanical Workshop and Recreational hall). (AIN: 16150; OB No.: 1.1; Accountabilities: Direct: Lobzang Dorji, Site Engineer, EID No. 9001016; Thaye Choden Dorji, Project Engineer, EID No. 20150105099; M/s Druk Tsentop Construction Pvt. Ltd. Paro, CDB No. 4801; Supervisory: Sangay Dorji, Chief Programme Officer, EID No. 9109013, Pelden Tshering, Training Director, EID No. 9011034)

Status: Observation still not settled.

Follow-up report issued by RAA vide letter no. RAA/FUCD/(C1)MoLHR/2021/540 dated 12th April 2021. The case is still with Sarpang Court as intimated by Mr. Sangay Dorji, Chief, DTE, MoLHR,

5.3. EXCESS PAYMENT - NU. 0.659 MILLION

The DTTI had made excess payments for various construction works as follows:

- a) Nu. 0.404 million to M/s Tenzin Geleg Construction in the GoI funded project on Construction of Training Center at the Jigme Wangchuck Power Training Institute in Dekiling, Sarpang. The work for construction of Executive Hostel, Barrack type and Director's quarter showed that there was double payment due to improper verification of claims by the site engineer and repetitive inclusion of items by the contractor. (AIN: 16150; OB No.:2.6; Accountabilities: Direct: Lobzang Dorji, Site Engineer, EID No. 9001016; Thaye Choden Dorji, Project Engineer, EID No. 20150105099; M/s Tenzin Geleg Construction Pvt. Ltd., Gelephu, CDB No.10 1416, CID 11509003165; Supervisory: Sangay Dorji, Chief Programme Officer, EID No. 9109013, Pelden Tshering, Training Director, EID No. 9011034)

Status: Observation settled.

Based on the principal amount of Nu.404,288.00 deposited into ARA vide RAA's Money Receipt No. A-01648 dated 16/11/2021 by MoLHR vide letter No.DTE/JWPTI-5(B)2021-22/556 dated 19th Oct

2021 and RAA's acknowledgement issued vide letter No. RAA/FUCD (C4-01) JWPTI/MoLHR/2021/2092 dated 16/11/2021, the observation is treated as settled.

- b) Nu. 0.111 million to M/s Tenzin Geleg Construction in the GoI funded project on Construction of Training Center at the Jigme Wangchuck Power Training Institute in Dekiling, Sarpang. The excess payment occurred due to non-deduction of staircase openings from the slab works in the construction of Executive Hostel, Barrack type and Director's quarter. (AIN: 16150; OB No.:2.4; Accountabilities: Direct: Lobzang Dorji, Site Engineer, EID No. 9001016; Thaye Choden Dorji, Project Engineer, EID No. 20150105099; M/s Tenzin Geleg Construction Pvt. Ltd., Gelephu, CDB No.10 1416, CID 11509003165; Supervisory: Sangay Dorji, Chief Programme Officer, EID No. 9109013, Pelden Tshering, Training Director, EID No. 9011034)

Status: *Observation settled.*

Based on the principal amount of Nu.111,138.68 deposited into ARA vide RAA's Money Receipt No. A-01648 dated 16/11/2021 by MoLHR vide letter No.DTE/JWPTI-5(B)2021-22/556 dated 19th Oct 2021 and RAA's acknowledgement issued vide letter No. RAA/FUCD (C4-01) JWPTI/MoLHR/2021/2092 dated 16/11/2021, the observation is treated as settled.

- c) Nu. 0.144 million to M/s Tenzin Geleg Construction in the GoI funded project on Construction of Training Center at the Jigme Wangchuck Power Training Institute in Dekiling, Sarpang. The excess payment occurred due to non-deduction of window openings from the slab works in the construction of Executive Hostel, Barrack type and Director's quarter. (AIN: 16150; OB No.2.5; Accountabilities: Direct: Lobzang Dorji, Site Engineer, EID No. 9001016; Thaye Choden Dorji, Project Engineer, EID No. 20150105099; M/s Tenzin Geleg Construction Pvt. Ltd., Gelephu, CDB No.10 1416, CID 11509003165; Supervisory: Sangay Dorji, Chief Programme Officer, EID No. 9109013, Pelden Tshering, Training Director, EID No. 9011034)

Status: *Observation settled.*

Based on the principal amount of Nu.143,501.63 deposited into ARA vide RAA's Money Receipt No. A-01648 dated 16/11/2021 by MoLHR vide letter No.DTE/JWPTI-5(B)2021-22/556 dated 19th Oct 2021 and RAA's acknowledgement issued vide letter No. RAA/FUCD (C4-01) JWPTI/MoLHR/2021/2092 dated 16/11/2021, the observation is treated as settled.

3.1.10. MINISTRY OF WORKS AND HUMAN SETTLEMENT

During the year, the RAA had issued 15 audit reports of the Ministry of Works and Human Settlement (MoWHS). Two reports were issued with 'Qualified' opinion. There were 181 observations amounting to Nu. 861.881 million of which Nu. 105.912 million were resolved as of 31 January 2020 and Nu. 235.943 million did not qualify for inclusion in the AAR.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Ministry and out of the balance unsettled irregularities of Nu. 507.695 million reported to the Parliament in October 2021; Nu. 14.882 million were settled leaving a balance of Nu.492.813 unresolved as on 31 March 2022 as reported below.

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 September 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
2	Embezzlement	14.113	12.128	1.985	86
3	Mismanagement	0.652	-	0.652	-
4	Non-compliance to laws and rules	286.487	-	286.487	-
5	Shortfalls, lapses and deficiencies	206.443	2.754	203.689	1
Total:		507.695	14.882	492.813	3

The details of unsettled irregularities reported to the Parliament in October 2021; irregularities settled and unsettled balances as on 31 March 2022 are as discussed below:

2. EMBEZZLEMENT - NU. 1.985 MILLION

The cases with elements of embezzlement involving Nu. 1.985 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 Sept. 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
2.1	Shortages of Bitumen	1.985	-	1.985
2.2	Misuse of bitumen by contractor	12.128	12.128	-
Total:		14.113	12.128	1.985

2.1. SHORTAGES OF BITUMEN - NU. 1.985 MILLION

The Haa Sub Division IV of the Regional Office, Department of Roads (DOR), Thimphu showed shortage of 340 barrels of Bitumen VG-10 at a value of Nu. 1.985 million. The shortage could be attributed to poor custody of construction materials in the stockyard since the barrels were stocked in open space. (AIN: 16234; OB No.: 1; Accountabilities: Direct: Yeshi Tshering, Asstt. Engineer, EID No. 20140704515; M/s Raven Builders and Company Pvt. Ltd, CDB Registration No. 2356; Supervisory: Sangay Tenzin, Executive Engineer, EID No. 200607203)

Status: Observation still not settled as of date.

As per OAG's letter no. OAG/PJED/2021/1487 dated 06/12/2021, the deadline for restitution of amount of Nu. 9,89,553.6 was extended till June 2022. The Follow-up report was issued by RAA vide letter no. RAA/FUCD(E4-2)RO-DoR/2021/2476 dated 28/12/2021

2.2. MISUSE OF BITUMEN BY CONTRACTOR - NU. 12.128 MILLION

M/s Raven Builder and Company Pvt. Ltd. had misused 2,878 barrels of Bitumen VG-10 amounting to Nu. 12.128 million in the construction of roads under the Haa Sub Division IV of the Regional Office, DoR, Thimphu. The execution of blacktopping works of Khamina-Gakidling SNH and Gakidling-Rangtse Gewog Connectivity (GC) road was not carried out by the contractor besides misusing 2,878 barrels of Bitumen VG-10. (AIN: 16234; OB No.: 2.1; Accountabilities: Direct: Ugyen Norbu, Assistant Engineer, EID No. 201101248; M/s Raven Builders and Company

Status: Observation settled based on the Follow-up report no. RAA/FUCD(E4-2)RO-DoR/2021/2476 dated 28/12/2021 issued by RAA.

3. MISMANAGEMENT – NU. 0.652 MILLION

The cases of mismanagement involving Nu. 0.652 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 Sept. 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
3.1	Avoidable payment of interest	0.652	-	0.652
	Total:	0.652	-	0.652

3.1 AVOIDABLE PAYMENT OF INTEREST - NU. 0.652 MILLION

The Regional Office (RO), DoR, Lingmethang had made avoidable payment of Nu. 0.652 million to M/s Rinson Construction Co. Pvt. Ltd. for delay in disbursement of the contractor's claims in the "Formation Cutting from 28.00 – 42.60 km" on Gyelposhing – Nganglam Road Project from Nganglam side. The Project Management had delayed payment for 61 days (5th RAB) and 308 days (10th RAB) resulting in avoidable expenditure on the interest for delayed disbursement. The RO also failed to provide justification for withholding the payment. (AIN: 16045; OB No.: 5.3.1; Accountabilities: Direct: Thinley Tenzin, Project Engineer, EID No. 9207046; M/s Rinson Construction Co. Pvt. Ltd. CDB 1965; Supervisory: Lungten Jamtsho, CE, EID No. 2101064)

Status: Observation still not settled. The response and appropriate ATR not yet received as of date

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 286.487 MILLION

The cases of non-compliance to laws and rules involving Nu. 286.487 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 Sept. 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
4.3	Non-adherence to contractual terms and conditions	-		Unsettled
4.4	Non-execution of work as per specification	-		Partially Settled
4.5	Additional cost due to flaws in drawing and design	-		Unsettled
4.7	Outstanding advances	62.211	-	62.211
4.8	Non-recovery of 20% penalty for incomplete works	19.624	7.598	12.236
4.9	Non/short-levy of liquidated damages	49.768	-	49.768
4.10	Financial losses due to flawed tendering process	120.089	-	120.089
4.11	Cost escalation due to unjustified revision of rates	42.183	-	42.183
	Total:	293.875	7.598	286.487

4.3 NON-ADHERENCE TO CONTRACTUAL TERMS AND CONDITIONS

The RO, DoR, Thimphu had not adhered to contractual terms and conditions and had allowed unjustified time extension for various contract works. The claims of hindrances by respective contractors were accepted although hindrances were not *force majeure* indicating extension of undue favour to contractors. (AIN: 16234; OB No.: 11.1; Accountabilities: Direct: Pempa Dorji, Assistant Engineer, EID No. 20140704511; Yeshe Tshering, Assistant Engineer, EID No. 20140704515; Ugyen Norbu, Assistant Engineer, EID No. 2011012481; M/s Tacho Construction, CDB No. 2001; M/s Joenshing Construction, CDB No. 1692; M/s Lotay Construction, CDB No. 3325; M/s Raven builder and Company Pvt. Ltd. CDB No. 2356; Supervisory: Sangay Tenzin, Executive Engineer, EID No. 200607203)

Status: *Observation still not settled.*

10% of LD amounting to Nu.7.101 million to be recovered from M/s Takcho Construction from package III and Package IV and remitted to RAA as per auditor's site verification report. The Follow-up report was issued by RAA vide letter no.RAA/FUCD(E4-2)RO-DoR/2021/2476 dated 28/12/20.

4.4 NON-EXECUTION OF WORK AS PER SPECIFICATION

The cases of non-execution of work as per specification include:

- a) The Department of Engineering Services (DES) had not constructed the Sarpang Water Supply as per drawings and designs in the ADB funded project “Secondary Town Urban Development Project”. M/s EW and JM Pvt. Ltd. had constructed 3m of Gabion Wall instead of the required 3.5m from ground for protection of intake structure. The bottom most portion of the gabion wall of 0.5m height was also not constructed. Further, the intake tank protection gabion wall was constructed in vertical position instead of inclined position in deviation from the drawing and design. (AIN: 16276; OB No.: 1.1; Accountabilities: Direct: Chimi Dema, Engineer, EID No.20180111323; M/s EW Construction, CDB No.2319; M/s JM Builders, CDB No.7494; Supervisory: Tashi Chopel, Project Manager, EID No.89008076)

Status: *Observation still not settled.*

The assurance provided by the management vide letter No. DES/WSD/ADB-3674/16/2019-2020/287, dated: 29.04.2020 is noted. However, physical verification of construction site is still pending to confirm the status until such time the observation remains un-settled.

- b) The DES had not ensured the Construction of Sarpang Water Supply Development by M/s EW and JM Pvt. Ltd. as per the drawings and designs provided in the ADB funded Project on “Secondary Town Urban Development Project, Loan No. BHU 3674”. The wire mesh used for the Gabion Box was 2.5mm diameter against the 3.25mm diameter specified in the BoQ. (AIN:16276; OB No.: 1.2; Accountabilities: Direct: Chimi Dema, Engineer, EID No.20180111323; M/s EW Construction, CDB No.2319; M/s JM Builders, CDB No.7494; Supervisory: Tashi Chopel, Project Manager, EID No.89008076)

Status: *Observation still not settled.*

The assurance provided by the management vide letter No.. DES/WSD/ADB-3674/16/2019-2020/287, dated: 29.04.2020 is noted. However, physical verification of construction site is still pending to confirm the status until such time the observation remains un-settled.

- c) The RO, DoR, Lingmethang had failed to ensure construction of Cross Drainage in the construction of L-drain and Cross Drainage at Chainage 20.00-32.46km of the Gyelposhing-Nganglam Road Project. Neither the initial contractor, M/s Norbu Construction nor the succeeding contractor M/s Rigsar Construction had executed the required structures. There was no cross drainage constructed for the whole stretch and only 3km of L-drain was constructed. (AIN: 16045; OB No.: 4.6; Accountabilities: Direct: San Man Tamang, AE, EID No. 200902092; M/s Rigsar Construction Co. Pvt. Ltd. CDB 2435 Supervisory: Karma Rinzin, CE, EID No. 8908095)

Status: *Observation settled.*

Based on the response/ATR submitted by RO, DoR, Lingmethang vide letter No. DoR/RO/2021/566 dated 10/11/2021 as the contractor will be levied 20% penalty on the incompleting works while the RD process the post termination process to close the contract formally.

4.5 ADDITIONAL COST DUE TO FLAWS IN DRAWING AND DESIGN

The DES had incurred additional expenses of Nu. 3.179 million in the construction of Sarpang Water Supply Development under ADB funded Project "Secondary Town Urban Development Project". M/s Progressive Research and Consultancy Services had not carried out proper planning, design and estimation leading to additional financial cost. The consultant firm had kept the pipes alignment over existing bridge which was objected by DoR during execution as the bridge was not designed/constructed to carry the weight of pipelines, which should have been assessed during the design phase by the consultant. (AIN: 16276; OB No.: 1.3; Accountabilities: Direct: Karma Dupchuk, Project Director, EID No.2101057; M/s Progressive Research Consultancy Service, CDB No. 101; Supervisory: Karma Dupchuk, Project Director, EID No.2101057)

Status: *Observation still not settled.*

The status of the observation remained after the issuance of follow up report No. RAA/FUCD(E1)MoWHS-Sect/2021/420 on 23/04/2021. The amount is recoverable from M/S Progressive Research and Consultancy Services as recommended in the report. Further response is still awaited in audit.

4.7 OUTSTANDING ADVANCES - NU. 62.211 MILLION

The RO, DoR, Lingmethang had not adjusted PW advances amounting to Nu. 62.211 million against various contractors by the end of the FY 2017-18. The contractors were paid other forms of advances besides the mobilization and secured advances and the same was not adjusted within the FY. (AIN: 16046; OB No.: 3; Accountabilities: Direct: Nado, Accountant, EID No. 9709042; Supervisory: Karma Rinzin, Chief Engineer, EID No. 8908095)

Status: *Observation still not settled.*

Reminder letter served vide letter No. RAA/BT/Fus-01/2021/286 dated 20/01/2021 but still there is no further response from the agency as of date.

4.8 NON-RECOVERY OF 20% PENALTY FOR INCOMPLETE WORKS - NU.12.236 MILLION

The cases of non-recovery of 20% penalty for incomplete works include:

- a) The RO, DoR, Lingmethang had not recovered 20% penalty on incomplete works amounting to Nu. 7.598 million upon termination of contract of M/s Norbu Construction Pvt. Ltd in the double laning of the Northern East-West Highway from Monggar to Gangola. The RO had terminated the contract on the grounds of fundamental breach of contract by the contractor but 20% penalty on the value of incomplete works were not levied. Although Nu. 7.598 million was recovered, the penalty for late payment was not levied and recovered. (AIN: 16046; OB No.: 5.2; Accountabilities: Direct: Sonam Wangchuk, EE, EID No. 9807033; M/s Norbu Construction Pvt. Ltd. (CDB No. 1957); Supervisory: Karma Rinzin, Chief Engineer, EID No. 8908095)

Status: *Observation partially settled.*

Nu.7,597,573.35 was deposited into ARA vide R/No.429611 dated 07/11/2019 leaving 24% interest portion of Nu.209,955.88 as on 31/03/2022

- b) The RO, DoR, Lingmethang had not recovered 20% penalty on incomplete works amounting to Nu. 2.070 million upon termination of contract of M/s Diamond Construction Pvt. Ltd. in the blacktopping of the Tsakaling GC road. The RO had terminated the contract on the grounds of fundamental breach of contract by the contractor but 20% penalty on the value of incomplete works was not levied. (AIN: 16046; OB No.: 7.2; Accountabilities: Direct: Gale, EE, EID No. 9607019; M/s Diamond Construction Pvt. Ltd. (CDB No. 2304); Supervisory: Karma Rinzin, Chief Engineer, EID No. 8908095)

Status: *Observation still not settled.*

Reminder letter served vide letter No.RAA/BT/Fus-01/2021/509 dated 15/04/202 by RAA but still appropriate ATR not yet received as of date

- c) The RO, DoR, Lingmethang had not recovered 20% penalty on incomplete works amounting to Nu. 8.823 million upon termination of contract of M/s Norbu Construction Pvt. Ltd in the construction of L-drain and cross Drainage on Gyelposhing-Nganglam Road Project (20-32.46km). The RO had terminated the contract on the grounds of fundamental breach of contract by the contractor but 20% penalty on the value of incomplete works was not levied. (AIN: 16045; OB No.: 4.1; Accountabilities: Direct: San Man Tamang, AE, EID No. 200902092; M/s Norbu Construction Pvt. Ltd. CDB 1957 Supervisory: Karma Rinzin, CE, EID No. 8908095)

Status: *Observation still not settled.*

Reminder letter served vide letter No.RAA/BT/Fus-01/2021/286 dated 20/01/2021 but still there is no further response as on 31/03/2022

- d) The RO, DoR, Lingmethang had not recovered 20% penalty on incomplete works amounting to Nu. 1.133 million upon termination of contract of M/s Rinson Construction Co. Pvt. in the Formation Cutting work from 28.00–42.60 km on Gyelposhing – Nganglam Road Project.

The RO had terminated the contract on the grounds of fundamental breach of contract by the contractor but 20% penalty on the value of incomplete works was not levied. (AIN: 16045; OB No.: 5.5; Accountabilities: Direct: Thinley Tenzin, Project Engineer, EID No. 9207046; M/s Rinson Construction Co. Pvt. Ltd. (CDB 1965); Supervisory: Lungten Jamtsho, CE, EID No. 2101064)

Status: Observation still not settled.

Reminder letter served vide letter No.RAA/BT/Fus-01/2021/286 dated 20/01/2021 but still there is no further response as on 31/03/2022

4.9 NON-LEVY OF LIQUIDATED DAMAGES - NU. 49.768 MILLION

The cases of non-levy of liquidated damages include:

- a) The RO, DoR, Lingmethang had not levied liquidated damages amounting to Nu. 1.714 million on M/s Phuntsho Rabten Construction for delay in the blacktopping of Tsakaling GC road. The RO had terminated the contract for failure to complete the work on time but applicable liquidated damages were not levied. (AIN: 16046; OB No.: 6.1; Accountabilities: Direct: Gale, EE, EID No. 9607019; M/s Phuntsho Rabten Construction CDB No. 1836 Supervisory: Karma Rinzin, Chief Engineer, EID No. 8908095)

Status: Observation still not settled.

Reminder letter served vide letter No.RAA/BT/Fus-01/2021/509 dated 15/04/2022 but still there is no further response as on 31/03/2022

- b) The RO, DoR, Lingmethang had not levied liquidated damages amounting to Nu. 27.420 million on M/s Rirab Construction in the construction of KM22 till Gongrizomsa of the Gol funded Gyelposhing-Nganglam Road Project. Even after grant of time extension of more than 34 months the contractor failed to complete the works after which the contract was terminated. However, the liquidated damages at 10% of the final contract price were not levied. (AIN: 16045; OB No.: 3.2; Accountabilities: Direct: San Man Tamang, AE, EID No. 200902092; M/s Rirab Construction, Trashigang CDB No. 1828 Supervisory: Lungten Jamtsho, CE, EID No. 2101064)

Status: Observation still not settled

Reminder letter served vide letter No.RAA/BT/Fus-01/2021/286 dated 20/01/2021 but still there is no further response as on 31/03/2022

- c) The RO, DoR, Lingmethang had not levied liquidated damage of Nu. 16.750 million to M/s Rinson Construction Co. Pvt for delay in the completion of Formation Cutting work from 28.00–42.60 km on Gyelposhing – Nganglam Road Project. The contractor was liable for 10% of the final contract price as liquidated damages as the delay was beyond the provision of time extension. (AIN: 16045; OB No.: 5.1; Accountabilities: Direct: Thinley Tenzin, Project Engineer, EID No. 9207046; M/s Rinson Construction Co. Pvt. Ltd. CDB 1965; Supervisory: Lungten Jamtsho, CE, EID No. 2101064)

Status: Observation still not settled

Reminder letter served vide letter No.RAA/BT/Fus-01/2021/286 dated 20/01/2021 but still there is no further response as on 31/03/2022

- d) The RO, DoR, Lingmethang had short levied liquidated damages by Nu. 3.452 million on M/s Diamond Construction Co. Pvt. Ltd in the Construction of L-drain and Cross Drainage from Chainage 32.00-42.60km on Gyelposhing-Nganglam Road from Nganglam side. The RO had only levied liquidated damage of Nu. 1.975 million for delay in completion although the contractor was liable for maximum liquidated damages of 10%. (AIN: 16045; OB No.: 6.3; Accountabilities: Direct: Jai Kr. Ghalley, AE, EID No. 201101236; M/s Diamond Construction Pvt. Ltd. CDB No. 2403; Supervisory: Jigme Tenzin, PE, EID No. 20150105036)

Status: Observation still not settled

Reminder letter served vide letter No.RAA/BT/Fus-01/2021/286 dated 20/01/2021 but still there is no further response as on 31/03/2022

- e) The Central Stores, DoR, Phuentsholing had short levied liquidated damages amounting to Nu. 0.692 million for delay in supply of the materials in the procurement of Bailey Bridge parts. Nu. 0.692 million out of Nu. 1.906 million was not levied on M/s Titagarh Wagon Limited and M/s Viyanayak Rail Track (India) Pvt. Ltd. (AIN:15668; OB No.: 1; Accountabilities: Direct: Sonam Tshewang, Accounts Officer, EID No. 9110023; Supervisory: Dorji Wangdi, Chief Engineer, EID No. 8601100)

Status: Observation still not settled.

From the principal amount of Nu.0.693 million an amount of Nu.0.260 million is recovered and deposited vide receipt no. 428924 dated 19.2.2021. However, balance amount of Nu. 0.433 million along with 24% penalty is recoverable.

4.10 FINANCIAL LOSSES DUE TO FLAWED TENDERING PROCESS-NU.120.089 MILLION

The RO, DoR, Lingmethang suffered financial loss of Nu. 120.089 million in the construction of the GoI funded Gyelposhing-Nganglam Road Project. M/s Rirab Construction was paid according to the change in contract modality from Lumpsum Contract to 'Item Based/As Built Contract' for the construction of KM22 till Gongrizomsa. The case is under arbitration. (AIN: 16045; OB No.: 3.1; Accountabilities: Direct: San Man Tamang, AE, EID No. 200902092; M/s Rirab Construction, Trashigang CDB No. 1828; Supervisory: Lungten Jamtsho, CE, EID No. 2101064)

Status: Observation still not settled.

Reminder letter served vide letter No.RAA/BT/Fus-01/2021/286 dated 20/01/2021 but still there is no further response as on 31/03/2022

4.11 COST ESCALATION DUE TO UNJUSTIFIED REVISION OF RATES - NU. 42.183 MILLION

The RO, DoR, Lingmethang incurred financial implication of Nu. 42.183 million in the formation cutting work from 28.00-42.60 km on Gyelposhing-Nganglam Road Project. M/s Rinson Construction Co. Pvt. Ltd. was paid for 4.54 km based on other contractor's quoted rate for similar terrain instead of the Contractor's own quoted rate. (AIN: 16045; OB No.: 5.2; Accountabilities: Direct: Thinley Tenzin, Project Engineer, EID No. 9207046; M/s Rinson Construction Co. Pvt. Ltd. CDB 1965 Supervisory: Lungten Jamtsho, CE, EID No. 2101064)

Status: Observation still not settled. Reminder letter served vide letter No.RAA/BT/Fus-01/2021/286 dated 20/01/2021 but still there is no further response as on 31/03/2022

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 203.689 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 203.689 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 Sept. 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
5.2	Inadmissible grant of advances	-		Unsettled
5.3	Excess payment	0.608	-	0.608
5.4	Improper planning of construction works	-		Unsettled
5.5	Outstanding advances	188.752	2.754	185.998
5.6	Inadmissible payment of price adjustment	11.227	-	11.227
5.8	Non-reconciliation of outstanding advances	-		Unsettled
5.10.	Avoidable expenditure in construction	4.068	-	4.068
5.13	Non-reconciliation of stocks	-		Unsettled
5.14	Excess payment to the transporters	1.788	-	1.788
	Total:	206.443	2.754	203.689

5.2. INADMISSIBLE GRANT OF ADVANCES

The cases of inadmissible grant of advances include:

- b) The RO, DoR, Lingmethang had granted excessive advance amounting to Nu. 37.237 million to M/s Rinson Construction Co. Pvt. Ltd in the “Formation Cutting from 28.00–42.60 km on Gyelposhing–Nganglam Road Project from Nganglam side”. The payment of advance accounted to 50% of the value of work which was irregular. (AIN: 16045; OB No.: 5.3.3; Accountabilities: Direct: Thinley Tenzin, Project Engineer, EID No. 9207046; M/s Rinson Construction Co. Pvt. Ltd. CDB 1965 Supervisory: Lungten Jamtsho, CE, EID No. 2101064)

Status: Observation still not settled.

Reminder letter served vide letter No.RAA/BT/Fus-01/2021/286 dated 20/01/2021 by RAA but still there is no further response as on 31/03/2022

5.3 EXCESS PAYMENT NU. 0.608 MILLION

The cases of excess payment include:

- e) The RO, DoR, Lingmethang had made excess payment amounting to Nu. 0.389 million to M/s Rirab Construction in the road formation cutting stretch from KM22 till Gongrizomsa in the Gyelposhing–Nganglam Road Project. The excess payment occurred due to error in computation of payments. (AIN: 16045; OB No.: 3.4; Accountabilities: Direct: San Man Tamang, AE, EID No. 200902092 M/s Rirab Construction, Trashigang CDB No. 1828; Supervisory: Lungten Jamtsho, CE, EID No. 2101064)

Status: Observation still not settled as of date.

Reminder letter served vide letter No.RAA/BT/Fus-01/2021/286 dated 20/01/2021 by RAA but still there is no further response as on 31/03/2022

- f) The RO, DoR, Lingmethang had made excess payment amounting to Nu. 0.219 million to M/s Norbu Construction Pvt. Ltd. in the Providing and Laying of Base Course, Bitumen Sealing and Construction of L-drain and Cross Drainage from Chainage 20.00 – 32.46km in the Gyelposhing-Nganglam Road Project. The excess payment occurred due to wrong recording of length of drain in the Measurement book against the actual construction at site. (AIN: 16045; OB No.: 4.2; Accountabilities: Direct: San Man Tamang, AE, EID No. 200902092; M/s Norbu Construction Pvt. Ltd. CDB 1957; Supervisory: Karma Rinzin, CE, EID No. 8908095)

Status: Observation still not settled as of date.

Reminder letter served vide letter No.RAA/BT/Fus-01/2021/286 dated 20/01/2021 by RAA but still there is no further response as on 31/03/2022

5.4 IMPROPER PLANNING OF CONSTRUCTION WORKS

The DES had not carried out proper planning of the Hejo-Samteling Local Area Plan under the World Bank funded “Bhutan Urban Development Project – Additional Finance (AF-BUDP-II, Credit No. 5431)”. The improper planning and coordination had resulted in incomplete works as the blacktopping of the widened road was not included in the contract package. (AIN: 16422; OB No.: 3.3; Accountabilities: Direct: Penjor Dukpa, Executive Engineer, Project Engineer, EID 2107163; M/s Tundi and Chimmi RD, JV CDB Registration No: 5455 and License No.1026944 Supervisory: Pekar Rabgay, Principal Engineer, Project Manager, EID 9009029)

Status: Observation still not settled as of date.

Response awaited in audit. Follow-up report was issued by RAA vide letter no. RAA/FUCD(E1-1)DES//2021/1493 dated 19/08/2021.

5.5 OUTSTANDING ADVANCES - NU. 185.998 MILLION

The cases of outstanding advances include:

- a) The RO, DoR, Trongsa had not adjusted outstanding advances amounting to Nu. 30.352 million against the Central Stores, DoR, Phuentsholing. The advances were released for supply of Bitumen and Emulsion but had not been adjusted indicating non-receipt of the goods. (AIN: 15747; OB No.: 8.1; Accountabilities: Direct: Tsheten Wangchuk, Accountant Asst. IV, EID No. 9404034; Supervisory: Ugyen Dorji, Chief Engineer, EID No.: 9107094)

Status: Observation still not settled as of date.

Reminder letter served vide letter No. RAA/BT/Fus-01/2021/01 dated 07/07/2021 by RAA but still there is no further response as on 31/03/2022

- b) The RO, DoR, Lingmethang had not adjusted outstanding advances amounting to Nu. 16.440 million against various contractors in the Gyelposhing-Nganglam Road Project whose works were either completed or terminated. (AIN: 16045; OB No.: 8; Accountabilities: Direct: Nado, Accountant, EID No. 9709042; Supervisory: Karma Rinzin, Chief Engineer, EID No. 8908095)

Status: Observation still not settled as of date.

Reminder letter served vide letter No.RAA/BT/Fus-01/2021/286 dated 20/01/2021 by RAA but still there is no further response as on 31/03/2022

- c) The RO, DoR, Phuentsholing had not recovered advances and 20% penalties on termination of contract amounting to Nu.1.040 million from M/s Joenshing Construction in the construction of permanent works of the Drukdingkha-Metekha GC road (Package 11-6Km). The RO had not recovered 20% penalties on termination of contract due to slow progress of work and non-adjustment of advance provided to the contractor. (AIN: 16197; OB No.: 1.11; Accountabilities: Direct: Nir Maya Chhetri, JE, EID No. 2014070400; M/s Joenshing Construction, CDB No. 5728; Supervisory: Naten Tshering, AE, EID No. 9907117)

Status: Observation still not settled as of date.

Amount of Nu.1.040 million along with 24% penalty is recoverable. The Follow Up report No. RAA/OAAG-Pling/DoR/D5/2020/747 dated 06.08.2020 is issued by RAA.

- d) The RO, DoR, Phuentsholing had not adjusted PW Advances amounting Nu. 8.022 million as of June 2019 against various contractors since FY 2016-17. (AIN: 16197; OB No.: 2.2; Accountabilities: Direct: Choden, AE, EID 9401084; Nirmaya Chhetri, AE, EID 2014070400; Rinchen Khandu, EID 20120100020; Supervisory: Dorji Wangdi, CE, RO, DoR, P/Ling, EID No. 8601100)

Status: Observation still not settled as of date.

Amount of Nu. 5.268 million along with 24 % penalty is recoverable. The Follow Up report No. RAA/OAAG-Pling/DoR/D5/2020/747 dated 06.08.2020 is issued by RAA.

- e) The RO, DoR, Lingmethang had not adjusted advance amounting to Nu.132.898 million against the Central Stores, DoR, Phuentsholing. The advances released for supply of Bitumen and Emulsion were not adjusted indicating non-receipt of the goods and difference in records maintained by the RO and Central Stores. (AIN: 16046; OB No.: 11; Accountabilities: Direct: Nado, Accountant, EID No. 9709042; Supervisory: Karma Rinzin, Chief Engineer, EID No. 8908095)

Status: Observation still not settled as of date.

Reminder letter served vide letter No.RAA/Fus-01/2021/510 dated 15/04/2021 but still observation not resolved.

5.6 INADMISSIBLE PAYMENT OF PRICE ADJUSTMENT - NU. 11.227 MILLION

The cases of inadmissible payment of price adjustment include:

- a) The RO, DoR, Lingmethang had made inadmissible payment of price adjustment amounting to Nu. 6.468 million to M/s Rirab Construction in the formation cutting of KM22 till Gongrizomsa in Gyelposhing-Nganglam Road Project. The inadmissible payment occurred due to application of price adjustment on works completed before the period applicable for price adjustment. (AIN: 16045; OB No.: 3.3; Accountabilities: Direct: San Man Tamang, AE, EID No. 200902092; M/s Rirab Construction, Trashigang CDB No. 1828 Supervisory: Lungten Jamtsho, CE, EID No. 2101064)

Status: Observation still not settled as of date.

Reminder letter served vide letter No.RAA/BT/Fus-01/2021/286 dated 20/01/2021 by RAA but still there is no further response as on 31/03/2022

- b) The RO, DoR, Lingmethang had made inadmissible payment on price adjustment amounting to Nu. 0.956 million to M/s Norbu Construction Pvt. Ltd. in the Providing and Laying of Base Course, Bitumen Sealing and Construction of L-drain and Cross Drainage from Chainage 20.00-32.46 km on the Gyelposhing-Nganglam Road Project. The inadmissible payment occurred due to application of price adjustment on works completed before the period applicable for price adjustment. (AIN: 16045; OB No.: 4.3; Accountabilities: Direct: San Man Tamang, AE, EID No. 200902092; M/s Norbu Construction Pvt. Ltd. CDB 1957; Supervisory: Karma Rinzin, CE, EID No. 8908095)

Status: Observation still not settled as of date.

Reminder letter served vide letter No.RAA/BT/Fus-01/2021/286 dated 20/01/2021 by RAA but still there is no further response as on 31/03/2022

- c) The RO, DoR, Lingmethang had made inadmissible payment of price adjustment amounting to Nu.1.000 million to M/s Rinson Construction Co. Pvt. Ltd in the contract for 'Formation Cutting from 28.00-42.60 km on Gyelposhing-Nganglam Road Project from Nganglam side'. The excess payment occurred due to application of price adjustment on works completed before the period applicable for price adjustment. (AIN: 16045; OB No.: 5.4; Accountabilities: Direct: Thinley Tenzin, Project Engineer, EID No. 9207046; M/s Rinson Construction Co. Pvt. Ltd., CDB 1965; Supervisory: Lungten Jamtsho, CE, EID No. 2101064)

Status: Observation still not settled as of date.

Reminder letter served vide letter No.RAA/BT/Fus-01/2021/286 dated 20/01/2021 by RAA but still there is no further response as on 31/03/2022

- d) The RO, DoR, Lingmethang had made inadmissible payment of price adjustment amounting to Nu. 2.611 million to M/s Diamond Construction Pvt. Ltd. in the 'Providing and Laying of Base Course, Bitumen Sealing, Construction of L-drain and Cross Drainage from Chainage 32.00-42.60 km on Gyelposhing-Nganglam Road from Nganglam side'. The excess payment occurred due to application of price adjustment on works completed before the period applicable for price adjustment. (AIN: 16045; OB No.: 6.1; Accountabilities: Direct: Sonam Tenzin, EE, EID No. 200901230; M/s Diamond Construction Pvt. Ltd. (CDB No. 2403); Supervisory: Karma Rinzin, CE, EID No. 8908095)

Status: Observation still not settled as of date.

Reminder letter served vide letter No.RAA/BT/Fus-01/2021/286 dated 20/01/2021 by RAA but still there is no further response as on 31/03/2022

- e) The RO, DoR, Lingmethang had made inadmissible payment of price adjustment amounting to Nu. 0.192 million to M/s Diamond Construction Pvt. Ltd. in the 'Providing and Laying of Base Course, Bitumen Sealing, Construction of L-drain and Cross Drainage from Chainage 32.00-42.60 km on Gyelposhing-Nganglam Road from Nganglam side'. The inadmissible payment occurred due to improper verification of bills and payment of the same price adjustment in different bills. (AIN: 16045; OB No.: 6.2; Accountabilities: Direct: Sonam Tenzin, EE, EID No. 200901230; M/s Diamond Construction Pvt. Ltd. CDB No. 2403; Supervisory: Karma Rinzin, CE, EID No. 8908095)

Status: Observation still not settled as of date. Reminder letter served vide letter No.RAA/BT/Fus-01/2021/286 dated 20/01/2021 by RAA but still there is no further response as on 31/03/2022

5.8 NON-RECONCILIATION OF OUTSTANDING ADVANCES

The RO, DoR, Lingmethang had not reconciled the advances released to the Central Stores in Phuentsholing for the supply of Bitumen and Bitumen emulsion resulting in a difference of Nu.28.372 million in the Gyelposhing-Nganglam Road Project. (AIN: 16045; OB No.: 11; Accountabilities: Direct: Nado, Accountant, EID No. 9709042; Supervisory: Karma Rinzin, Chief Engineer, EID No. 8908095)

Status: Observation still not settled as of date.

Reminder letter served vide letter No.RAA/BT/Fus-01/2021/286 dated 20/01/2021 by RAA but still there is no further response as on 31/03/2022

5.10 AVOIDABLE EXPENDITURE IN CONSTRUCTION - NU. 4.068 MILLION

The RO, DoR, Phuentsholing, on requests of Local Government and public, had considered the road take-off point from Bangay and incurred an avoidable expenditure amounting to Nu. 4.068 million in the construction of permanent structures at Pachudara. The road had been damaged and was not pliable.

The RO had not adhered to the Geo Technical Assessment Report which clearly indicated that 'the takeoff point at Bangay was in a very fragile and unstable area, as well as the infrastructure would incur huge recurring cost for restoration and maintenance in future' and recommended an alternative road via Purbey. (AIN: 16197; OB No.: 1.10; Accountabilities: Direct: Samten Zangmo, JE, EID No. 20140704508; Supervisory: E.N. Chhetri, AE, EID No. 8401039)

Status: Observation still not settled as of date.

Follow up report no. RAA/OAAG-Pling/MOWHS-doR-D/2020/474 dated.06/08/2020 issued by RAA.

5.13. NON-RECONCILIATION OF STOCKS

The Central Stores, DoR, Phuentsholing had not reconciled the stock balance of Bitumen VG-10 and Bitumen emulsion resulting in huge differences in the available stock and records. The difference showed that proper reconciliation, stock keeping and recording was not carried out. (AIN: 15668; OB No.: 3; Accountabilities: Direct: Dorji Wangchuk, Store Keeper, EID No. 91011121; Supervisory: Sonam Tashi, Estate Manager, EID No. 99071654)

Status: Observation still not settled. Laspas action taken not taken by the management not intimated to RAA as of date.

5.14. EXCESS PAYMENT TO THE TRANSPORTERS - NU. 1.788 MILLION

The Central Stores, DoR, Phuentsholing had incurred excess payments amounting to Nu. 1.788 million to the transporters due to unloading of consignments in destinations other than Regional Stores/specific destinations. During the three FYs 2014-15, 2015-16 and 2016-17, consignments such as bitumen, bridge parts and hume pipes dispatched from Central Store to various Regional Offices' Stores were unloaded at the site where actual works were being carried out.

However, payment for the transporters were made at the rate for the designated Regional Office Stores. Moreover, in few cases, the distances covered were found more than the RSTA prescribed distance. (AIN: 15668; OB No.: 5; Accountabilities: Direct: Sonam Tashi, Estate Manager, EID No. 99071654; Dorji Wangchuk, Store Keeper, EID No. 9101112 and Rinzin, Store Keeper, EID No. 9910021; Supervisory: Dorji Wangdi, Chief Engineer, EID No. 8601100, Tandin Zangmo, Sr. Adm. Asstt, EID No. 2109021)

Status: Observation still not settled as of date.

No response from the agency. Amount of Nu. 1.788 million along with 24% penalty is still recoverable.

3.2. DZONGKHAGS ADMINISTRATION

During the year, 16 Dzongkhags Administration had unresolved irregularities amounting to Nu. 233.395 million as follows:

3.2.1. DZONGKHAG ADMINISTRATION, BUMTHANG

During the year, the RAA had issued one audit report of the Dzongkhag Administration, Bumthang. There were 71 observations amounting to Nu. 36.530 million which were not resolved as of 31 January 2020 and Nu. 33.564 million did not qualify for inclusion in the AAR.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Ministry, however, the balance unsettled irregularities of Nu. 0.305 million reported to the Parliament in October 2021 remained unsettled as on 31 March 2022 as shown in the report below:

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 September 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
4	Non-compliance to laws and rules	-			Unsettled
5	Shortfalls, lapses and deficiencies	0.305	-	0.305	
	Total	0.305	-	0.305	

The details of unsettled irregularities reported to the Parliament in October 2021; irregularities settled and unsettled balances as on 31 March 2022 are as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES

The cases of non-compliance to laws and rules are as summarised below:

4.1 ACCEPTANCE/NON RECTIFICATION OF DEFECTIVE/SUBSTANDARD WORKS

- The Dzongkhag Administration, Bumthang had accepted substandard works of providing and laying of coloured Tri-hex interlocking paver blocks valuing Nu. 0.378 million in the Construction and Improvement work of Bathpalathang Road awarded to M/s Tshoki

Construction. It was noted that there was no proper bonding of joints of the tiles and in most of the stretches, the tiles were laid unevenly resulting in gaps and undulations. (AIN: 16319; OB No.: 4.4(b); Accountabilities: Direct: Tharchen, Dy. EE, EID No. 9707053; M/s Tshoki Construction, Thimphu, CDB No. 2469; Supervisory: Yeshey Dorji, DE, EID No. 9307017)

Status: Observation still not settled as of date.

Reminder letter served vide letter No.RAA-BT/Fus-01/2021/507 dated 14/04/2021 by RAA but still there is no further response as on 31/03/2022

- b) The Dzongkhag Administration, Bumthang had notified to the contractor to rectify/re-do certain defective/incomplete items of works in the construction of Dzongkhag Yargay Tshogdu Hall awarded to M/s Yarphe Builders, Zhemgang. However, the rectification works like re-plastering of plinth and drain, cleaning of toilet tiles, and filling up of gap in ceilings were not completed as notified hindering timely use of the structure. (AIN: 16319; OB No.: 5; Accountabilities: Direct: Pema Letho, AE, EID No. 20150105051; M/s Yarphe Builders, Zhemgang, CDB 7963; Supervisory: Yeshey Dorji, DE, EID No. 9307017)

Status: Observation still not settled as the lapses action has to be taken as per the observation

5. SHORTFALLS, LAPSES AND DEFICIENCIES - NU. 0.305 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.305 million are as summarised below:

Sl. No.	Observation in Brief	Unsettled reported in 30 September 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
5.1	Short/non deduction of rent	0.038	-	0.038
5.4	Outstanding lease rent	0.267	-	0.267
	Total:	0.305	-	0.305

5.1 SHORT/NON-DEDUCTION OF HOUSE RENT – NU. 0.038 MILLION

The Dzongkhag Administration, Bumthang had made short-deduction of monthly house rents from the occupants of Government quarters to the tune of Nu. 0.113 million as at 31 December 2018. The lapses had occurred due to non-revision of house rent as notified by the Ministry of Finance vide MoF/DNB/Rules/2018-19/299 dated 23 November 2018. Further, the deduction could not be applied as carpet area was not measured and recorded. (AIN: 16319; OB No.:3; Accountabilities: Leki Dorji, Teacher, EID: 200208010; Phurpa Namgyel, Teacher, EID: 8604136; Jambay Dorji, Teacher, EID: 9207019; Kelzang Penjor, Teacher, EID: 200401255; Yeshe Samdrup, Teacher, EID: 8203006; Rinchen, Teacher, EID: 8603064; Pema Jamtsho, Teacher, EID: 200901548; Sonam Jamtsho, Teacher, EID: 201109055; Supervisory: Tshering Penjor, AAO EID No. 200507266)

Status: Observation partially settled as of date.

Reminder letter served vide letter No.RAA-BT/Fus-01/2021/507 dated 14/04/2021 by RAA but still there is no further response as on 31/03/2022

5.4. OUTSTANDING LAND LEASE - NU. 0.267 MILLION

The Dzongkhag Administration, Bumthang had overdue outstanding land lease rents amounting to Nu. 0.267 million against 15 lessees pertaining to the year 2017 and 2018. (AIN: 16319; OB no.: 27; Accountabilities: Direct: Tshewang Penjor, Municipal Engineer, EID No. 2108076; Supervisory: Tandin Dorji, Dzongrab, EID No.8602013)

Status: Observation still not settled as of date.

Reminder letter served vide letter No.RAA-BT/Fus-01/2021/507 dated 14/04/2021 by RAA but still there is no further response as on 31/03/2022

3.2.2. DZONGKHAG ADMINISTRATION, CHHUKHA

During the year, the RAA had issued two audit reports of Dzongkhag Administration Chhukha and its Drungkhag. There were 51 observations amounting to Nu. 5.309 million of which Nu. 1.742 million were resolved as of 31 January 2020 and Nu. 0.306 million did not qualify for inclusion in the AAR.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Ministry, however, the balance unsettled irregularities of Nu. 1.783 million reported to the Parliament in October 2021 remained unsettled as on 31 March 2022 as shown in the report below:

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 September 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
3	Mismanagement	0.225	-	0.225	
4	Non-compliance to laws and rules	0.360	-	0.360	
5	Shortfalls, lapses and deficiencies	1.198	-	1.198	
	Total:	1.783	-	1.783	-

The details of unsettled irregularities reported to the Parliament in October 2021; irregularities settled and unsettled balances as on 31 March 2022 are as discussed below:

3. MISMANAGEMENT – NU. 0.255 MILLION

The cases of mismanagement involving Nu. 0.225 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 September 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
3.1	Adjustment of advances without supporting documents	0.255	-	0.255
	Total:	0.255	-	0.255

3.1 ADJUSTMENT OF ADVANCES WITHOUT SUPPORTING DOCUMENTS – 0.225 MILLION

The Dzongkhag Administration, Chhukha had adjusted Nu. 0.255 million pertaining to *Moenlam Chhenmo* Accounts without supporting documents. The adjustments were made on account of expenses incurred for conduct of *Moenlam Chhenmo* Activities. (AIN 16019; OB No.:30.3; Accountabilities: Direct: Tshering Nidup, DT Chairperson, CID No. 10203002306; Supervisory: Ugyen Chada, Cultural Officer, EID No. 200905024)

Status: Observation still not settled as of date.

Amount of Nu. 0.255 million along with 24% penalty is recoverable as per follow up report No. RAA/OAAG-Pling/FUS-Dzo-A1/2021/952 dated: 07.09.2021 issued by RAA.

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 0.360 MILLION

The cases of non-compliance to laws and rules involving Nu. 0.360 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 September 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
4.1	Defective/Sub-standard works	-		Unsettled
4.2	Payment of Refundable Deposits without obtaining releases	0.360	-	0.360
	Total:	0.360	-	0.360

4.1 DEFECTIVE/SUB-STANDARD WORKS

- b) The Dzongkhag Administration, Chhukha had accepted defective work in the Construction of Dungna-Mondokha Farm Road executed by M/s Galaxy Builder Pvt. Ltd., Phuentsholing. It was noted that at certain stretches the required width of 5.1m for farm road and gradient near Choelumchhu cliff were not maintained. (AIN: 16019; OB No.:6; Accountabilities: Direct: Kezang Tobgay, Engineer, EID No. 20150105064; M/s Galaxy Builder Pvt. Ltd., Phuentsholing, CDB No. 5126; Supervisory: Tshering Chopel, DE, EID No. 808013)

Status: Observation still not settled as of date.

Rectification report along with pictorial evidences duly endorsed by an appropriate committee and end users is waited in RAA as per follow up report No. RAA/OAAG-Pling/FUS-Dzo-A1/2021/952 dated: 07.09.2021 issued by RAA.

- c) The Dzongkhag Administration, Chhukha had accepted defective work in the Construction of Khamjo-Babana Farm Road executed by M/s Peldhang Construction Pvt. Ltd., Chukha. It was noted that at certain stretches the required width of 5.1m for farm road was not maintained. At some locations, turnings were very narrow and the road width was obtained by filling earth over fallen trees. Further, the contractor had not constructed 'passing zones' per kilometer in three instances as required under the BoQ and contract agreement. (AIN: 16019; OB No.:8; Accountabilities: Direct: Kezang Tobgay, Engineer, EID No. 20150105064; M/s Peldhang Construction Pvt. Ltd., Chukha, CDB No. 3163; Supervisory: Tshering Chopel, DE, EID No. 808013)

Status: Observation still not settled as of date. Rectification report along with pictorial evidences duly endorsed by an appropriate committee and end users is waited in RAA as per follow up report No. RAA/OAAG-Pling/FUS-Dzo-A1/2021/952 dated: 07.09.2021 issued by RAA.

- e) The Dzongkhag Administration, Chhukha had accepted defective works in the construction of drain near Chhukha Dzong Gate at the cost of Nu. 0.519 million executed by M/s Jabtsho Construction, Chhukha. Major cracks in providing and laying RCC works were noted indicating inadequate monitoring and supervision during execution. (AIN: 16019; OB No.:22.2; Accountabilities: Direct: Damchoe Dorji, Engineer, EID No. 201101228; M/s Jabtsho Construction, Chhukha, CDB No. 3707; Supervisory: Tshering Chopel, DE, EID No. 808013)

Status: Observation is still not settled as of date.

The rectification report along with pictorial evidences duly endorsed by an appropriate committee and end users is still awaited in RAA as per the follow up report No. RAA/OAAG-Pling/FUS-Dzo-A1/2021/952 dated: 07.09.2021 issued by the RAA.

- f) The Dzongkhag Administration, Chhukha had not directed the contractor to rectify the defects noted in the construction of Public Toilet attached to Tshechu Gallery at the cost of Nu. 0.732 million. Major cracks were noted in the RRM wall and PCC works indicating execution of substandard work. (AIN: 16019; OB No.:23; Accountabilities: Direct: Damchoe Dorji, Engineer, EID No. 201101228; M/s DOR-G, Builders, CDB No. 6121; Supervisory: Tshering Chopel, DE, EID No. 808013)

Status: Observation is still not settled as of date.

The rectification report along with pictorial evidences duly endorsed by an appropriate committee and end users is still awaited in RAA as per the follow up report No. RAA/OAAG-Pling/FUS-Dzo-A1/2021/952 dated: 07.09.2021 issued by the RAA.

4.2 PAYMENT OF REFUNDABLE DEPOSIT WITHOUT OBTAINING RELEASE – NU. 0.360 MILLION

The Drungkhag Administration, Phuentsholing had refunded Nu. 0.360 million to the contractors from the budgetary releases instead of obtaining equivalent Refundable Release from Department of Public Accounts. (AIN: 16086; OB No.:9; Accountabilities: Direct: Yashoda Phuyel, Accountant, EID No. 200507269; Supervisory: Karma Rinchen, Drungpa, EID No. 9308053)

Status: Observation is still not settled as of date. Amount of Nu.0.360 million along with 24% penalty is recoverable.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 1.198 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 1.198 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 September	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
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		2021 (Nu. in million)		
5.1	Excess/Double Payments	0.881	-	0.881
5.2	Outstanding Advances	0.317	-	0.317
	Total:	1.198	-	1.198

5.1 EXCESS/DOUBLE PAYMENTS – NU. 0.881 MILLION

- a) The Dzongkhag Administration, Chhukha had made excess payment of Nu. 0.327 million to M/s Doljang Construction, Paro for RCC works in the construction of Market Shed at Tsimalakha. The excess payments had occurred due to difference in quantities claimed by the contractor and actual quantities executed at site. (AIN: 16019; OB No.:2; Accountabilities: Direct: Damchoe Dorji, Engineer, EID No. 201101228; M/s Doljang Construction, Paro, CDB No. 7350; Supervisory: Tshering Chopel, DE, EID No. 808013)

Status: Observation still not settled as of date.

Amount of Nu.0.327 million along 24% penalty is recoverable as per follow up report no. RAA/OAAG-Pling/FUS-Dzo-A1/2021/952 dated: 07.09.2021 issued by RAA.

- b) The Dzongkhag Administration, Chhukha had made double payment of Nu. 0.107 million to M/s Damche Construction, Chhukha in the construction of Sedimentation and Filtration tank at Tsimakha by resorting to double entry of TMT items in the Measurement Book. (AIN: 16019; OB No.:3.2; Accountabilities: Direct: Damchoe Dorji, Engineer, EID No. 201101228; M/s Damche Construction, Chhukha, CDB No. 1403; Supervisory: Tshering Chopel, DE, EID No. 808013)

Status: Observation partially settled as of date.

From the total amount of Nu.0.107 million, an amount of Nu.0.073 million is adjusted vide letter no. CDA/DES-07/2019-2020/6461 dated 17.02.2020. However balance amount of Nu. 0.034 million along with 24% penalty is recoverable.

- d) The Dzongkhag Administration, Chhukha had made excess payment of Nu. 0.230 million to M/s Jamtsho Construction, Chhukha in the construction of Pavilion for Moenlam Chhenmo at Gedu. The excess payments had occurred due to difference in the quantities claimed by the contractor and actual quantities executed at site. (AIN: 16019; OB No.:11; Accountabilities: Direct: Sangay Dorji, Engineer, EID No. 20160106537; M/s Jamtsho Construction, Chhukha, CDB No. 2467; Supervisory: Tshering Chopel, DE, EID No. 808013)

Status: Observation still not settled as of date.

Amount of Nu. 0.230 million along with 24% penalty is recoverable as per follow up report No. RAA/OAAG-Pling/FUS-Dzo-A1/2021/952 dated: 07.09.2021 issued by RAA.

- f) The Drungkhag Administration, Phuentsholing had made excess payment of Nu.0.290 million to M/s Jangcholing Construction, Lhuntse in the Improvement of approach road, ground development and water supply works at Khateykha PS under Lokchina Gewog. The excess payment had occurred due to booking of expenditure before the actual completion of the work. Further, the Drungkhag Administration had not recovered liable maximum liquidated damages (10%) of Nu. 0.103 million. (AIN: 16086; OB No.:2; Accountabilities:

Direct: Basant Kr. Rai, Engineer, EID No. 2013100301; M/s Jangcholing Construction, Lhuntse, CDB No. 7514; Supervisory: Tshering Chopel, DE, EID No. 8808013)

Status: Observation still not settled as of date. Amount of Nu.0.392 along with 24% penalty is recoverable.

5.8 OUTSTANDING ADVANCES – NU. 0.317 MILLION

- a) The Dzongkhag Administration, Chhukha had outstanding advances pertaining to *Moenlam Chhenmo* Accounts amounting to Nu. 0.165 million against individuals. The advances were released in between 2012-2016 for conduct of *Moenlam Chhenmo* activities. (AIN: 16019; OB No.:30.2; Accountabilities: Direct: Tshering Nidup, Thrizin, CID No. 10203002306; Supervisory: Ugyen Chada, Cultural Officer, EID No. 200905024)

Status: Observation still not settled as of date.

The amount of Nu.0.165 million need to recover and deposit from the concern official as per Follow Up report No. RAA/OAAG-Pling/FUS-Dzo-A1/2021/952 dates: 07.09.2021 issued by RAA.

- b) The Drungkhag Administration, Phuentsholing had outstanding Public Works Advances amounting to Nu. 0.152 million as on 30 June 2018 lying unadjusted against the Accountant. (AIN: 16086; OB No.: 3; Accountabilities: Direct: Chhimi Dorji, Accountant, EID No. 9206009; Supervisory: Karma Rinchen, Drungpa, EID No. 9308053)

Status: Observation is still not settled as of date. Amount of Nu.0.152 million along with 24% penalty is recoverable.

3.2.3. DZONGKHAG ADMINISTRATION, DAGANA

During the year, the RAA had issued two audit reports of the Dzongkhag Administration Dagana and its Drungkhag. One report was issued with 'Qualified' opinion. There were 34 observations amounting to Nu. 66.896 million of which Nu. 6.132 million were resolved as of 31 January 2020 and Nu. 19.768 million did not qualify for inclusion in the AAR.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Ministry, however, the balance unsettled irregularities of Nu. 0.127 million reported to the Parliament in October 2021 remained unsettled as on 31 March 2022 as shown in the report below:

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 September 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	0.127	-	0.127	
	Total	0.127	-	0.127	-

The details of unsettled irregularities reported to the Parliament in October 2021; irregularities settled and unsettled balances as on 31 March 2022 are as discussed below:

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.127 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.127 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 September 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
5.3	Non-liquidation of advances	0.127	-	0.127
	Total:	0.127	-	0.127

5.3 NON-LIQUIDATION OF ADVANCES – NU. 0.127 MILLION

The Dzongkhag Administration, Dagana had not liquidated advances amounting to Nu. 0.427 million from the final bill of M/s Norbugang Construction in the extension of Guest House at Dagana. (AIN: 16425; OB No.:1; Accountabilities: Direct: Ngawang Dorji, Asst. Engineer, EID No. 20120100116; M/s Norbugang Construction, CDB No. 3007425; Supervisory: Jamyang Dorji, DE, EID No. 9207044)

Status: Observation still not settled as of date.

Out of principal amount Nu.427,413.45 the amount of Nu.300,887 deposited vide receipt no. A00538 of 16/2/2021, leaving a balance of Nu. 126,526.45 as of date.

3.2.5. DZONGKHAG ADMINISTRATION, MONGGAR

During the year, the RAA had issued one audit report of the Dzongkhag Administration, Monggar. There were 76 observations amounting to Nu. 10.529 million of which Nu. 0.629 million were resolved as of 31 January 2020 and Nu. 1.446 million did not qualify for inclusion in the AAR.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Dzongkhag and out of the balance unsettled irregularities of Nu. 2.877 million reported to the Parliament in October 2021, Nu. 0.491 million was settled leaving a balance of Nu. 2.527 million as on 31 March 2022 as shown in the table below.

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 September 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
4	Non-compliance to laws and rules				Unsettled
5	Shortfalls, lapses and deficiencies	2.877	0.491	2.527	17.07
	Total	2.877	0.491	2.527	

The details of unsettled irregularities reported to the Parliament in October 2021; irregularities settled and unsettled balances as on 31 March 2022 are as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES

The cases of non-compliance to laws and rules involving Nu. 2.540 million were resolved as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 September 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
4.1	Taking over of works without completion	-		Unsettled
	Total:			

4.1 TAKING OVER OF WORKS WITHOUT COMPLETION

- a) The Dzongkhag Administration, Monggar had taken over the construction of 64-bedded Hostel at Keydheykhar CS awarded to M/s Gayjure Construction, Monggar before the completion of the works in all respect and was liable for applicable liquidated damages as per the terms of the contract. (AIN: 16284; OB No.: 1.5; Accountabilities: Direct: Lobzang Tshering, Site Engineer, EID No. 200901074; M/s Gayjure Construction Pvt. Ltd., Monggar, CDB No. 1392; Supervisory: Sonam Tashi, DE, EID No. 200801079)

Status: Observstion still not settled as of date.

Response awaited. Reminder letter served vide letter No.RAA/BT/Fus-01/2021/500 dated 13/04/2021 by RAA to the Mongar Dzongkhag Administartion but still appropriate ATR not yet received as on date

- b) The Dzongkhag Administration, Monggar had taken over the construction of Six-Unit classroom at Keydheykhar CS awarded to M/s Yongphel Builders, Monggar before the completion of the works in all respect and was liable for applicable liquidated damages as per the terms of the contract. (AIN: 16284; OB No.: 2.7; Accountabilities: Direct: Lobzang Tshering, Site Engineer, EID No. 200901074; M/s Yongphel Builders, CDB No. 3531; Supervisory: Sonam Tashi, DE, EID No. 200801079)

Status: Observstion still not settled as of date.

Response awaited. Reminder letter served vide letter No.RAA/BT/Fus-01/2021/500 dated 13/04/2021 by RAA to the Mongar Dzongkhag Administartion but still appropriate ATR not yet received as on date

5. SHORTFALLS, LAPSES AND DEFICIENCIES - NU. 2.527 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 2.527 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 September 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
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5.1	Payment for works not executed/incompletion of works	0.203	-	0.203
5.2	Excess/over payments	2.592	0.491	2.242
5.3	Double Payments	0.082	-	0.082
Total:		2.877	0.491	2.527

5.1 RELEASE OF FINAL BILL BEFORE ACTUAL COMPLETION OF WORKS – NU. 0.203 MILLION

- h) The Dzongkhag Administration, Monggar had made payment of Nu. 0.074 million towards completion of toilet in the construction of Six-Unit classroom at Tsamang CPS awarded to M/s Yeshey Construction, Thimphu. Various items of works were not executed at site. (AIN: 16284; OB No.: 5.9; Accountabilities: Direct: Kinley Penjor, Site Engineer, EID No. 201001714; Sherab Chezom, Site Engineer, EID No. 201001731; M/s Yeshey Construction, Thimphu, CDB No. 2953; Supervisory: Sonam Tashi, Dzongkhag Engineer, EID No.: 200801079)

Status: Observation still not settled as of date.

Reminder letter served vide letter No.RAA/BT/Fus-01/2021/500 dated 13/04/2021 by RAA to the Mongar Dzongkhag Administration but still appropriate ATR not yet received as on date.

- i) The Dzongkhag Administration, Monggar had made payment of Nu. 0.129 million for items not executed in the Construction of Principal Quarter, Dining Hall, Kitchen-cum-store at Tsamang CPS awarded to M/s Lhatu Construction, Thimphu. Various items of works were not executed at site. (AIN: 16284; OB No.:6.8; Accountabilities: Direct: Kinley Penjor, Site Engineer, EID No. 201001714; Sherab Chezom, Site Engineer, EID No. 201001731; M/s Lhatu Construction, CDB No. 5259; Supervisory: Sonam Tashi, DE, EID No. 200801079)

Status: Observation still not resolved as of date.

Reminder letter served vide letter No.RAA/BT/Fus-01/2021/500 dated 13/04/2021 by RAA to the Mongar Dzongkhag Administration but still appropriate ATR not yet received as on date

5.2 EXCESS/OVER PAYMENT – NU. 2.249 MILLION

- d) The Dzongkhag Administration, Monggar had made excess payment of Nu. 0.342 million for providing and laying RRM for site development works in the construction of Six-Unit classroom at Tsamang CPS awarded to M/s Yeshey Construction, Thimphu. The excess payment had occurred due to difference in the quantities paid for and quantities actually executed at site. (AIN: 16284; OB No.:5.1; Accountabilities: Direct: Kinley Penjor, Site Engineer, EID No. 201001714; Sherab Chezom, Site Engineer, EID No. 201001731; M/s Yeshey Construction, Thimphu CDB no. 2953; Supervisory: Sonam Tashi, DE, EID No. 200801079)

Status: Observation partially settled as of date. Against Nu.0.342 million, a sum of Nu. 285,486.87 (i.e. Nu.109,066.87 + Nu.176,420.00) deposited into ARA vide R/No.429707 dated 15/05/2020 leaving a balance of Nu.56,664.87 as of date.

- e) The Dzongkhag Administration, Monggar had made excess payment of Nu. 0.119 million in the Construction of Six-unit classroom at Tsamang CPS awarded to M/s Yeshey Construction, Thimphu. The excess payment had occurred due to acceptance of higher dimensions of the RCC works as against the dimensions stipulated in the drawings without the prior approval of the competent authorities. (AIN: 16284; OB No.:5.2; Accountabilities: Direct: Kinley Penjor, Site Engineer, EID No. 201001714; Sherab Chezom, Site Engineer, EID

No. 201001731; M/s Yeshey Construction, Thimphu CDB no. 2953; Supervisory: Sonam Tashi, DE, EID No. 200801079)

Status: Observation still not settled. Response awaited. Reminder letter served vide letter No.RAA/BT/Fus-01/2021/500 dated 13/04/2021 by RAA to the Mongar Dzongkhag Administration but still appropriate ATR not yet received as on of date.

- f) The Dzongkhag Administration, Monggar had made excess payment of Nu. 0.137 million in the construction of Six-Unit classroom at Tsamang CPS awarded to M/s Yeshey Construction, Thimphu. The excess payments had occurred due to non-deduction of RCC works from laying second class brick works in superstructure. (AIN: 16284; OB No.:5.6; Accountabilities: Direct: Kinley Penjor, Site Engineer, EID No. 201001714; Sherab Chezom, Site Engineer, EID No. 201001731; M/s Yeshey Construction, Thimphu CDB no. 2953; Supervisory: Sonam Tashi, DE, EID No. 200801079)

Status: Observation still not settled. Response awaited.

Reminder letter served vide letter No.RAA/BT/Fus-01/2021/500 dated 13/04/2021 by RAA to the Mongar Dzongkhag Administration but still appropriate ATR not yet received as on of date.

- h) The Dzongkhag Administration, Monggar had made excess payment of Nu. 0.173 million for providing and laying RRM works for site development in the Construction of Principal Quarter, Dining Hall, Kitchen cum Store at Tsamang CPS awarded to M/s Lhatu Construction, Thimphu. The excess payments had occurred due to difference in the quantities paid for and actually executed at site. (AIN: 16284; OB No.:6.5; Accountabilities: Direct: Kinley Penjor, Site Engineer, EID No. 201001714; Sherab Chezom, Site Engineer, EID No. 201001731; M/s Lhatu Construction, CDB No. 5259; Supervisory: Sonam Tashi, DE, EID No.:200801079)

Status: Observation still not settled. Response awaited.

Reminder letter served vide letter No.RAA/BT/Fus-01/2021/500 dated 13/04/2021 by RAA to the Mongar Dzongkhag Administration but still appropriate ATR not yet received as on of date.

- i) The Dzongkhag Administration, Monggar had made excess payment of Nu. 0.072 million for RRM in Septic Tank in the construction of Principal Quarter, Dining Hall, Kitchen cum Store at Tsamang CPS awarded to M/s Lhatu Construction, Thimphu. The excess payment had occurred due to difference in the quantities paid for and actually executed at site. (AIN: 16284; OB No.:6.7; Accountabilities: Direct: Kinley Penjor, Site Engineer, EID No. 201001714; Sherab Chezom, Site Engineer, EID No. 201001731; M/s Lhatu Construction, CDB No. 5259; Supervisory: Sonam Tashi, DE, EID No. 200801079)

Status: Observation partially settled as of date.

Deposited Nu.70,456.59 into ARA vide R/No.429707 dated 15/05/2020 & Cash Recovery updated in the name of Mr.Kinley Dorji, AE (Multi) Leaving a balance of Nu. 6,557.39 as of date.

- j) The Dzongkhag Administration, Monggar had made excess payment of Nu. 0.277 million in the Construction of Principal Quarter, Dining Hall, Kitchen cum Store at Tsamang CPS awarded to M/s Lhatu Construction, Thimphu. The excess payment had occurred due to

difference in the quantities paid for and quantities actually executed at site. (AIN: 16284; OB No.:6.9; Accountabilities: Direct: Kinley Penjor, Site Engineer, EID No. 201001714; Sherab Chezom, Site Engineer, EID No. 201001731; M/s Lhatu Construction, CDB No. 5259; Supervisory: Sonam Tashi, DE, EID No. 200801079)

Status: Observation still not settled as of date. Response awaited.

Reminder letter served vide letter No.RAA/BT/Fus-01/2021/500 dated 13/04/2021 by RAA to the Mongar Dzongkhag Administration but still appropriate ATR not yet received as on of date.

- k) The Dzongkhag Administration, Monggar had made excess payment of Nu. 0.136 million in the Construction of 15m RCC Bridge at Chopa under Thangrong Gewog awarded to M/s Tshering T Construction, Monggar. The excess payment had occurred due to difference in the quantities of TMT bars paid for and quantities actually executed at site. (AIN: 16284; OB No.:8; Accountabilities: Direct: Jigme Dorji, Site Engineer, EID No. 9707059; M/s Tshering T Construction, CDB No. 8021; Supervisory: Sonam Tashi, DE, EID No. 200801079)

Status: Observation is resolved as the Dzongkhag Administration, Monggar has deposited Nu. 0.136 Million into ARA vide R/No.02089 dated 09/09/2021.

- m) The Dzongkhag Administration, Monggar had made excess payments amounting to Nu. 0.069 million to M/s Mangalam Construction in the construction of 2 units RNR Staff Quarter Nagor under Silambi Gewog. The excess payments had occurred due to difference in the quantities claimed by the contractor and actual quantities executed at site. (AIN: 16284; OB No.:13; Accountabilities: Direct: Dorji Tshering, Site Engineer, EID No. 201101234; M/s Mangalam Construction, CDB No. 1721; Supervisory: Sonam Tashi, DE, EID No. 200801079)

Status: Observation still not settled as of date. Response awaited.

Reminder letter served vide letter No.RAA/BT/Fus-01/2021/500 dated 13/04/2021 by RAA to the Mongar Dzongkhag Administration but still appropriate ATR not yet received as on of date.

- n) The Dzongkhag Administration, Monggar had made excess payments amounting to Nu. 0.147 million to M/s Larjab Construction in the construction of Warden and Matron Quarters at Nagor LSS due to non-deduction of RCC works from the Random Rubble Masonry in the superstructure. (AIN: 16284; OB No.:15; Accountabilities: Direct: Mr.Padam Bdr. Rai, AE, EID No.20120100121N; M/s Larjab Construction, CDB No. 4703; Supervisory: Sonam Tashi, DE, EID No. 200801079)

Status: Observation still not settled as of date. Response awaited.

Reminder letter served vide letter No.RAA/BT/Fus-01/2021/500 dated 13/04/2021 by RAA to the Mongar Dzongkhag Administration but still appropriate ATR not yet received as on of date.

- o) The Dzongkhag Administration, Monggar had made excess payments amounting to Nu. 0.302 million to M/s Ugyen Tshendhen Construction in the construction of Multipurpose Hall at Drametse CS. The excess payments had occurred due to difference in quantities claimed by contractor and actual quantities executed at site. (AIN: 16284; OB No.:18;

Accountabilities: Direct: Sunita Rai, Site Engineer, EID No. 20120100129; M/s Ugyen Tshendhen Construction, CDB No. 2978; Supervisory: Sonam Tashi, DE, EID No. 200801079)

Status: *Observation still not settled as of date. Response awaited. Reminder letter served vide letter No.RAA/BT/Fus-01/2021/500 dated 13/04/2021 by RAA to the Mongar Dzongkhag Administration but still appropriate ATR not yet received as on of date.*

- p) The Dzongkhag Administration, Monggar had made excess payments amounting to Nu. 0.709 million to M/s Ugyen Tshendhen Construction in the construction of 120-bedded Girls Hostel at Drametse CS. The excess payments had occurred due to difference in the quantities claimed by contractor and actual quantities executed at site. *(AIN: 16284; OB No.:19; Accountabilities: Direct: Sunita Rai, Site Engineer, EID No. 20120100129; M/s Ugyen Tshendhen Construction, CDB No. 2978; Supervisory: Sonam Tashi, DE, EID No. 200801079)*

Status: *Observation still not settled as of date.*

Reminder letter served vide letter No.RAA/BT/Fus-01/2021/500 dated 13/04/2021 by RAA to the Mongar Dzongkhag Administration but still appropriate ATR not yet received as on of date.

- q) The Dzongkhag Administration, Monggar had made excess payments amounting to Nu. 0.109 million to M/s Ugyen Gatshel Construction in the construction of Footpath, Drainage and Chain link fencing for Drametse CS. The excess payments had occurred due to payment for MS Angle 55x55x6mm as against actual execution of MS Angle 50x50x5mm at site. *(AIN: 16284; OB No.:21; Accountabilities: Direct: Tshewang Rinzin, Site Engineer, EID No. 9301052; M/s Ugyen Gatshel Construction, CDB No. 3956; Supervisory: Sonam Tashi, DE, EID No. 200801079)*

Status: *Observation still not settled as of date.*

Reminder letter served vide letter No.RAA/BT/Fus-01/2021/500 dated 13/04/2021 by RAA to the Mongar Dzongkhag Administration but still appropriate ATR not yet received as on of date.

5.3 DOUBLE PAYMENTS – NU. 0.082 MILLION

The Dzongkhag Administration, Monggar had made double payment of Nu. 0.082 million in the Construction of Six-Unit classroom at Tsamang CPS awarded to M/s Yeshey Construction, Thimphu. The payment of RCC works in plinth beam was found made twice. *(AIN: 16284; OB No.:5.7; Accountabilities: Direct: Kinley Penjor, Site Engineer, EID No. 201001714; Sherab Chezom, Site Engineer, EID No. 201001731; M/s Yeshey Construction, Thimphu CDB no. 2953; Supervisory: Sonam Tashi, DE, EID No. 200801079)*

Status: *Observation still not settled as of date.*

Reminder letter served vide letter No.RAA/BT/Fus-01/2021/500 dated 13/04/2021 by RAA to the Mongar Dzongkhag Administration but still appropriate ATR not yet received as on of date.

3.2.6. DZONGKHAG ADMINISTRATION, PARO

During the year, the RAA had issued one audit report of the Dzongkhag Administration, Paro. There were 17 observations amounting to Nu. 14.808 million of which Nu. 10.754 million were resolved as of 31 January 2020 and Nu. 0.168 million did not qualify for inclusion in the AAR.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Dzongkhag and out of the balance unsettled irregularities of Nu. 2.721 million reported to the Parliament in October 2021, Nu. 0.491 million was settled leaving a balance of Nu. 2.527 million as on 31 March 2022 as shown in the table below.

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 September 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
4	Non-compliance to laws and rules	0.400	-	0.400	
5	Shortfalls, lapses and deficiencies	2.321	-	2.321	
	Total	2.721	-	2.721	

The details of unsettled irregularities reported to the Parliament in October 2021; irregularities settled and unsettled balances as on 31 March 2022 are as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 0.400 MILLION

The cases of non-compliance to laws and rules involving Nu. 0.400 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 September 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
4.1	Non-levy of Liquidated Damages	0.377	-	0.377
4.2	Payment for works not executed	0.023	-	0.023
	Total:	0.400	-	0.400

4.1 NON-LEVY OF LIQUIDATED DAMAGES – NU. 0.377 MILLION

The Dzongkhag Administration, Paro had not levied liquidated damages amounting to Nu. 0.739 million to M/s Tse Phug Construction, Thimphu in the construction of four-unit staff quarter at Gunitsawa PS despite delay of 92 days. (AIN: 15794; OB No.:3.2; Accountabilities: Direct: Rinchen Tshering, AE, EID No. 200407007; M/s Tse Phug Construction, Thimphu, Contractor, CDB No. 2578; Supervisory: Chane Zangmo, Chief Dzongkhag Engineer, EID No. 9901228)

Status: Observation partially settled.

Nu. 362,175.65 has been deposited vide receipt no. A03132 dated 02.07.2020 leaving a balance amount of Nu. 377,170.95 as of date.

4.2 INADMISSIBLE PAYMENT FOR WORKS NOT EXECUTED NU.0.023 MILLION

The Dzongkhag Administration, Paro had made inadmissible payment of Nu. 0.184 million to M/s Tse Phug Construction, Thimphu in the construction of four-unit staff quarter at Gunitsawa PS. The lapses had occurred due to payment for items of works not executed at site and non-deductions of openings. (AIN: 15794; OB No.:3.3; Accountabilities: Direct: Rinchen Tshering, AE, EID No. 200407007; M/s Tse Phug Construction, Thimphu, Contractor, CDB No. 2578; Supervisory: Chane Zangmo, Chief Dzongkhag Engineer, EID No. 9901228)

Status: Observation partially settled as of date.

Nu. 0.184 million deposited vide Receipt No. 03125 dated 25/06/2020 worked out as of 23/06/2020 leaving a 24% applicable penalty portion of Nu. 0.023 million as of date..

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 2.321 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 2.321 million as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 September 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
5.2	Payment for works not executed	0.114	-	0.114
5.3	Excess booking and non-recovery of penalty	2.207	-	2.207
	Total:	2.321	-	2.321

5.2 PAYMENT FOR WORKS NOT EXECUTED – NU. 0.114 MILLION

- a) The Dzongkhag Administration, Paro had made excess payment of Nu. 0.114 million to M/s Tse Phug Construction for works not executed in the construction of six-unit classroom at Gaupel LSS. The lapses had occurred due to release of payment for items which were not provided at site and non-deduction of openings for the painting and plastering works. (AIN: 15794; OB No.:6; Accountabilities: Direct: Chundu Dorji, AE, EID No. 200707084; M/s Tse Phug Construction, Contractor, CDB No. 2578; Supervisory: Chane Zangmo, Chief Dzongkhag Engineer, EID No. 9901228)

Status: Observation still not settled as of date.

Follow up report issued vide letter No. RAA/FUCD(Q2)/ParoDz/2021/798 dated 18.5.2021 by RAA but still not settled as of date, response awaited.

5.3 EXCESS BOOKING AND NON-RECOVERY OF PENALTY – NU. 2.207 MILLION

The Dzongkhag Administration, Paro had awarded the construction of Six-Unit classroom block at Khangkhu MSS to M/s Druk Dhoedjung Construction in December 2016 with contract duration expiring on 12 December 2017. However, the contractor could not complete the work and was terminated in July 2018.

Subsequently, the Dzongkhag Administration had booked an expenditure of Nu. 5.979 million and retained it as a draft at the end of FY 2017-18 prior to the Joint Measurement Committee's

assessment of value of work done by the contractor. The assessed value amounted to Nu. 4.621 million with resultant excess booking of Nu. 1.358 million.

Further, the Dzongkhag Administration had also failed to recover Nu. 0.849 million on account of 20% penalty on value of incomplete works upon termination of contract, short deduction of security deposits and short levy of liquidated damages. (AIN: 15794; OB No.:11; Accountabilities: Direct: Kumar Subba, AE, EID No. 201101254; M/s Druk Dhoedjung Construction, CDB No. 4560; Supervisory: Chane Zangmo, Chief Dzongkhag Engineer, EID No. 9901228)

Status: Observation partially settled as of date.

Follow up report was issued vide letter No. RAA/FUCD(Q2)/ParoDz/2021/798 by RAA dated 18.5.2021. The case was put up to the Bhutan Alternative Dispute Resolution Centre (ADRC) and the Final Award issued on 5th August, 2019 wherein the Tribunal directed that the Respondent shall pay to the Claimant in total Nu. 849,458.00 only within 30 days Calendar days counted from the date of an issue of this Award failing which the Claimant shall be entitled interest on late payments @ 10%.

3.2.7. DZONGKHAG ADMINISTRATION, PEMAGATSHEL

During the year, the RAA had issued two audit reports of the Dzongkhag Administration, Pemagatshel and its Drungkhag. The reports were issued with 'Qualified' opinion. There were 31 observations amounting to Nu. 14.539 million of which Nu. 6.462 million were resolved as of 31 January 2020 and Nu. 0.217 million did not qualify for inclusion in the AAR.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Dzongkhag and out of the balance unsettled irregularities of Nu.5.929 million reported to the Parliament in October 2021, Nu. 5.010 million was settled leaving a balance of Nu. 0.919 million as on 31 March 2022 as shown in the table below.

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 September 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	5.929	5.010	0.919	84
	Total	5.929	5.010	0.919	84.50

The details of unsettled irregularities reported to the Parliament in October 2021; irregularities settled and unsettled balances as on 31 March 2022 are as discussed below:

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.919 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.919 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 September 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
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5.1	Un-realised loans/advances from Moenlam Chhenmo Accounts	5.929	5.010	0.919
	Total:	5.929	5.010-	0.919

5.1. UNREALIZED LOAN/ADVANCES FROM MOENLAM CHHENMO ACCOUNT – NU. 0.919 MILLION

The Dzongkhag Administration, Pemagatshel had cases of un-realised loans/advances amounting to Nu. 5.929 million granted to three contractors on interest @ 4% per month out of Moenlam Chhenmo Account. Loans/advances had remained overdue ranging from one year to four years. (AIN:15896; OB No.:7; Accountabilities: Direct: Norbu Tenzin, Cultural Officer, EID No. 200505006; Supervisory: Phuntsho, Dzongdag, EID No. 8709017)

Status: Observation partially settled as of date. Response awaited in audit.

The total amount was corrected to Nu 5,928,507.00 instead of Nu. 6,028,507.00 after confirming from team leader on 01/12/2021. Out of Nu. 5,928,507.00, the amount of Nu. 2,188,822.00 was deposited into Melom Chhenmo Account vide Deposit Form of BOB, Pemagatshel dated 10.06.2019 (Nu. 1400,000.00), Deposit Form dated 12.09.2019(Nu.207,560.00) , Nu. 101,431.00 recovered vide letter No. NDA/Accts-04/2018-2019/1132 dtd. 12/12/2018 & Nu. 479,831.00 vide letter No. DG/Acctws-01/2017-2018/68 dtd. 09/03/2018.

The amount of Nu. 2,820, 947.00 was considered as settled based on the justifications provided vide letter No. PG/HRS-5/2021-22/1829 dated 1.12.2021 and as per the Verdict of the Supreme Court of Bhutan No. Ngan Tho(Ho18-22) dated 31.12.2018 (waive off 4% penalty). Further, the Advisory Committee decided not to levy 24% interest on the recoverable amount. Therefore, Dzongkhag Administration Pemagatshel needs to recover the balance amount of Nu. 918,738.00 and deposit into Moelam Chenmo account. The latest follow up Report No. RAA/OAAG-SJ(AR-30)DA-Pgatshel/2022/1575 dated 14.04.2022 was issued by RAA.

3.2.8. DZONGKHAG ADMINISTRATION, SAMDRUP JONGKHAR

During the year, the RAA had issued three audit reports of the Dzongkhag Administration, Samdrup Jongkhar and its Drungkhags. Two reports were issued with 'Qualified' opinion. There were 74 observations amounting to Nu. 148.789 million of which Nu. 12.925 million were resolved as of 31 January 2020 and Nu. 0.031 million did not qualify for inclusion in the AAR.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Ministry, however, the balance unsettled irregularities of Nu. 133.360 million reported to the Parliament in October 2021 remained unsettled as on 31 March 2022 as shown in the report below:

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 September 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
1	Fraud and Corruption	0.800	-	0.800	
2	Embezzlement	7.598	-	7.598	
4	Non-compliance to laws and rules	8.958	-	8.958	
5	Shortfalls, lapses and deficiencies	116.004	-	116.004	
	Total	133.360	-	133.360	-

The details of unsettled irregularities reported to the Parliament in October 2021; irregularities settled and unsettled balances as on 31 March 2022 are as discussed below:

1. FRAUD AND CORRUPTION - NU. 0.800 MILLION

The case of elements of fraud and corruption involving Nu. 0.800 million is as indicated below:

1.1 MISAPPROPRIATION OF FUNDS – NU. 0.800 MILLION

The Accounts Assistant of the Drungkhag Administration, Samdrupcholing had misappropriated funds as follows:

- a) The contractor's bill was inflated by Nu. 0.400 million in the construction of approach road and maintenance of RNR staff quarter under Martshala Gewog. As against the contract value of Nu. 0.456 million, the final value of work verified and passed by the concerned site engineer was Nu. 0.401 million. However, the Accounts Assistant had deliberately booked Nu. 0.801 million. *(AIN: 16344; OB No.:6 (Part-II A); Accountabilities: Direct: Wangchuk Dorji, Accts. Asstt., EID No. 200807270; Supervisory: Lobzang Dorji, Sr. Dungpa, EID No. 8801079; Sangay Gyeltshen, Acctt. Asstt., EID No. 2018011519)*

Status: *Observation still not settled as of date. Response awaited in audit.*

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to retribute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audits.

To this end, necessary administrative actions were taken on those employees for indirectly aiding him in embezzling funds as per the recommendations of RAA, despite proving them innocent.

The Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

- b) A cheque for Nu. 3.000 million was issued for Martshala CS instead of Nu. 0.300 million of which only Nu. 2.700 million was deposited into Martshala CS's account. The balance amount of Nu.0.300 million was deposited in the Accounts Assistant's personal Savings Account. (AIN: 16344; OB No.:7 (Part-II A); Accountabilities: Direct: Wangchuk Dorji, Acctts. Asstt., EID No. 200807270; Supervisory: Lobzang Dorji, Sr. Dungpa, EID No. 8801079; Sangay Gyeltshen, Acctt. Asstt., EID No. 2018011519)

Status: Observation still not settled as of date. Response awaited in audit.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audits.

To this end, necessary administrative actions were taken on those employees for indirectly aiding him in embezzling funds as per the recommendations of RAA, despite proving them innocent.

The Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

- c) The vegetable supplier's bill for Karmaling HSS was inflated by Nu. 0.100 million by prefixing digit '1' in front of Nu. 0.050 million and making it Nu. 0.150 million. The excess amount of Nu. 0.100 million was confirmed to have been handed over in cash to the Accounts Assistant by the vegetable supplier after withdrawing from the bank. (AIN: 16344; OB No.:12 (Part-II A); Accountabilities: Direct: Wangchuk Dorji, Acctts. Asstt., EID No. 200807270; Supervisory: Lobzang Dorji, Sr. Dungpa, EID No. 8801079)

Status: Observation still not settled as of date. Response awaited in audit.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audits.

To this end, necessary administrative actions were taken on those employees for indirectly aiding him in embezzling funds as per the recommendations of RAA, despite proving them innocent.

The Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

2. EMBEZZLEMENT - NU. 7.598 MILLION

The cases with elements of embezzlement involving Nu. 7.598 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 September 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
2.1	Misappropriation of Pay and Allowances	3.254	-	3.254
2.2	Misappropriation of Leave Encashment and LTC	0.165	-	0.165
2.3	Deposit of Rigsungpas Salary into personal account	0.058	-	0.058
2.4	Misuse of funds	1.398	-	1.398
2.5	Misuse of TA/DA	0.918	-	0.918
2.6	Withdrawal of fund in excess of actual requirements	0.050	-	0.050
2.7	Misuse of Loan deductions and inadmissible payments	0.127	-	0.127
2.8	Amount deposited into Personal Saving Account	0.291	-	0.291
2.9	Encashment of cancelled cheque	0.032	-	0.032
2.10	Misappropriation of electricity bill	0.014	-	0.014
2.11	Misuse through direct booking of expenditure	0.102	-	0.102
2.12	Misappropriation of House Rent remittances	0.064	-	0.064
2.13	Misuse through double payment of transfer grants	0.132	-	0.132
2.14	Payment without supporting documents	0.993	-	0.993
	Total:	7.598	-	7.598

2.1. MISAPPROPRIATION OF PAY AND ALLOWANCES – NU. 3.254 MILLION

The Accounts Assistant of Drungkhag Administration, Samdrupcholing had misappropriated Pay and Allowances as follows:

- a) Nu. 3.152 million was misappropriated by including ghost employees in the payroll and the payments were deposited into his personal Savings Account. He had intentionally deposited excess salary for other officials and later asked them to deposit the excess amounts into his personal Savings Account and his spouse. Similarly, he had also credited excess monthly salaries for himself and spouse.

The *modus operandi* adopted was preparation of salary schedules in MS excel sheet instead of preparing in PEMS as required by financial norms. (AIN: 16344; OB No.:1 (Part-II A); Accountabilities: Direct: Wangchuk Dorji, Accts. Asstt., EID No. 200807270; Lamdon, OA, EID No. 201003023; Mon Bdr. Gurung, Ex-Gup, CID No. 11110000068; Supervisory: Lobzang Dorji, Sr. Dungpa, EID No. 8801079)

Status: Observation still not settled as of date. Response awaited in audit.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been

imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audits.

To this end, necessary administrative actions were taken on those employees for indirectly aiding him in embezzling funds as per the recommendations of RAA, despite proving them innocent.

The Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

- b) Salaries amounting to Nu. 0.102 million were misappropriated by including ghost employees and impersonation in the salary sheet, enhancing employees' monthly salary at the time of disbursement and later asking concerned officials to refund the excess amount into his personal Savings Account.

The *modus operandi* adopted was preparation of salary schedules in MS excel sheet instead of preparing in PEMS as required by financial norms. (AIN: 16344; OB No.:1 (Part-II B); Accountabilities: Direct: Wangchuk Dorji, Acctts. Asstt., EID No. 200807270; Supervisory: Lobzang Dorji, Sr. Dungpa, EID No. 8801079)

Status: Observation still not settled as of date. Response awaited in audit.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audits.

To this end, necessary administrative actions were taken on those employees for indirectly aiding him in embezzling funds as per the recommendations of RAA, despite proving them innocent.

The Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

2.2 MISAPPROPRIATION OF LEAVE ENCASHMENT AND LTC – NU. 0.165 MILLION

The Accounts Assistant of Drungkhag Administration, Samdrupcholing had misappropriated leave encashment and Leave Travel Concession (LTC) as follows:

- a) Leave Encashment of Nu. 0.026 million was misappropriated by making double payment to other Gewog Accountant colleague by issuing self cheque. (AIN: 16344; OB No.:2 (Part-II A); Accountabilities: Direct: Wangchuk Dorji, Acctts. Asstt., EID No. 200807270; Phuntsho Choden, Acctts. Asstt., EID No. 20130802301; Supervisory: Lobzang Dorji, Sr. Dungpa, EID No. 8801079)

Status: Observation still not settled as of date. Response awaited in audit.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audits.

To this end, necessary administrative actions were taken on those employees for indirectly aiding him in embezzling funds as per the recommendations of RAA, despite proving them innocent.

The Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

- b) LTC of Nu.0.075 million was misappropriated by impersonating himself as an employee under different sectors. LTC payment was also made against two Gewog Administrative Officers who were on Extra Ordinary Leave (EOL) and the amounts were deposited into his personal Savings Account. (AIN: 16344; OB No.:3 (Part-II A); Accountabilities: Direct: Wangchuk Dorji, Acctts. Asstt., EID No. 200807270; Supervisory: Lobzang Dorji, Sr. Dungpa, EID No. 8801079)

Status: Observation still not settled as of date. Response awaited in audit.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audits.

To this end, necessary administrative actions were taken on those employees for indirectly aiding him in embezzling funds as per the recommendations of RAA, despite proving them innocent.

The Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

- c) LTC and Leave Encashment amounting to Nu. 0.064 million was misappropriated by claiming from both the Dzongkhag Administration and Samdrupcholing Drungkhag. The Account Assistant had also claimed more than his actual entitlements for leave encashment and LTC. (AIN: 16344; OB No.:2 (Part-II B); Accountabilities: Direct: Wangchuk Dorji, Acctts. Asstt., EID No. 200807270; Supervisory: Wangchuk Dorji, Sr. Dzongrab, EID No. 9308038; Lobzang Dorji, Sr. Dungpa, EID No. 8801079; Lakdhen, Acctts. Officer, EID No. 200901066)

Status: Observation still not settled as of date. Response awaited in audit.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audits.

To this end, necessary administrative actions were taken on those employees for indirectly aiding him in embezzling funds as per the recommendations of RAA, despite proving them innocent.

The Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

2.3 DEPOSIT OF RISUNGPAS SALARY INTO PERSONAL SAVINGS ACCOUNT – NU. 0.058 MILLION

- a) The Account Assistant of Drungkhag Administration, Samdrupcholing had deposited monthly salary of *Risungpas* amounting to Nu. 0.013 million into his personal Savings Account which confirmed that salaries were not disbursed to *Risungpas*. Further, requisite documents were not maintained to substantiate the release of payment to intended beneficiaries. (AIN: 16344; OB No.:8 (Part-II A); Accountabilities: Direct: Wangchuk Dorji, Acctts. Asstt., EID No. 200807270; Supervisory: Lobzang Dorji, Sr. Dungpa, EID No. 8801079)

Status: *Observation still not settled as of date. Response awaited in audit.*

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audits.

To this end, necessary administrative actions were taken on those employees for indirectly aiding him in embezzling funds as per the recommendations of RAA, despite proving them innocent.

The Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

- b) The Accounts Assistant of the Drungkhag Administration, Samdrupcholing had misappropriated salary of *Risungpas* amounting to Nu. 0.045 million by issuing self cheque and depositing into his personal Savings Account. There was no original payment voucher authenticating further disbursement to *Risungpas*. (AIN: 16344; OB No.:10 (Part-II A); Accountabilities: Direct: Wangchuk Dorji, Acctts. Asstt., EID No. 200807270; Supervisory: Lobzang Dorji, Sr. Dungpa, EID No. 8801079)

Status: Observation still not settled as of date. Response awaited in audit.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audits.

To this end, necessary administrative actions were taken on those employees for indirectly aiding him in embezzling funds as per the recommendations of RAA, despite proving them innocent.

The Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

2.4 MISAPPROPRIATION OF FUNDS – NU. 1.398 MILLION

The Accounts Assistant of the Drungkhag Administration, Samdrupcholing had misappropriated fund as follows:

- a) Nu. 0.031 million was misappropriated by enclosing the same bills twice on 31 January 2018 and 28 February 2018. The double claim under subsequent voucher was done along with VIP related expenditure bills as it pertained to patient diet of Samdrupcholing BHU. (AIN: 16344; OB No.:13 (Part-II A); Accountabilities: Direct: Wangchuk Dorji, Accts. Asstt., EID No. 200807270; Supervisory: Lobzang Dorji, Sr. Dungpa, EID No. 8801079)

Status: Observation still not settled as of date. Response awaited in audit.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audits.

To this end, necessary administrative actions were taken on those employees for indirectly aiding him in embezzling funds as per the recommendations of RAA, despite proving them innocent.

The Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

- b) Nu. 0.100 million was misappropriated on account of stipend of Martshala CS. No bills/cash memos were available for verification and the amounts were found deposited into his personal Savings Account. (AIN: 16344; OB No.:4 (Part-II B); Accountabilities: Direct:

Wangchuk Dorji, Accts. Asstt., EID No. 200807270; Supervisory: Wangchu Dorji, Sr. Dzongrab, EID No. 9308038; Lakdhen, Accts. Officer, EID No. 200901066)

Status: Observation still not settled as of date. Response awaited in audit.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audits.

To this end, necessary administrative actions were taken on those employees for indirectly aiding him in embezzling funds as per the recommendations of RAA, despite proving them innocent.

The Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

- c) Nu. 0.145 million was misappropriated by creating fictitious bill against M/s Karma Yangchen Logging. The Cheque was found encashed by the accountant himself by depositing Nu. 0.059 million into his personal Savings Account and Nu. 0.086 million into account of the person who is not regular client of the Drungkhag. (AIN: 16344; OB No.:12 (Part-II B); Accountabilities: Direct: Wangchuk Dorji, Accts. Asstt., EID No. 200807270; Supervisory: Wangchu Dorji, Sr. Dzongrab, EID No. 9308038; Tshewang Rinzin, HRO, EID No. 20130101095)

Status: Observation still not settled as of date. Response awaited in audit.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audits.

To this end, necessary administrative actions were taken on those employees for indirectly aiding him in embezzling funds as per the recommendations of RAA, despite proving them innocent.

The Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

- d) Nu. 0.282 million was misappropriated pertaining to stipend without supporting documents. Against the total booking of Nu. 0.555 million, Nu. 0.273 million pertained to TA/DA claims of the School staff under Samdrupcholing Drungkhag, while Nu. 0.282 million pertained to stipend. However, the stipend bills were not available for verification and the amount of Nu. 0.282 million was found deposited in his personal Savings Account. (AIN:

16344; OB No.:7.2 (Part-II B); Accountabilities: Direct: Wangchuk Dorji, Accts. Asstt., EID No. 200807270; Supervisory: Wangchu Dorji, Sr. Dzongrab, EID No. 9308038)

Status: Observation still not settled as of date. Response awaited in audit.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audits.

To this end, necessary administrative actions were taken on those employees for indirectly aiding him in embezzling funds as per the recommendations of RAA, despite proving them innocent.

The Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

- e) Nu. 0.248 million was misappropriated on account of stipend and Rural Life Insurance by depositing into his personal Savings Account. Nu. 0.126 million pertained to stipends and Nu. 0.122 million pertained to Rural Life Insurance. The original payment vouchers were not supported by attendance sheets of students, duly verified forms, bills/cash memos by Gup and Census Officer. (AIN: 16344; OB No.:3 (Part-II B); Accountabilities: Direct: Wangchuk Dorji, Accts. Asstt., EID No. 200807270; Supervisory: Tenzin Phuntsho, Accts. Officer, EID No. 20130101125; Tshewang Rinzin, HRO, EID No. 20130101095)

Status: Observation still not settled as of date. Response awaited in audit.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audits.

To this end, necessary administrative actions were taken on those employees for indirectly aiding him in embezzling funds as per the recommendations of RAA, despite proving them innocent.

The Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

- f) Nu. 0.075 million was misappropriated on account of Rural Life Insurance by depositing into his personal Savings Account. There were no evidences of having disbursed the amounts to legitimate claimants. (AIN: 16344; OB No.:5 (Part-II B); Accountabilities: Direct: Wangchuk Dorji, Accts. Asstt., EID No. 200807270; Supervisory: Lakdhen, Accts. Officer, EID No. 200901066, Tshewang Rinzin, HRO, EID No. 20130101095)

Status: Observation still not settled as of date. Response awaited in audit.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audits.

To this end, necessary administrative actions were taken on those employees for indirectly aiding him in embezzling funds as per the recommendations of RAA, despite proving them innocent.

The Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

- g) Nu. 0.360 million was misappropriated on account of Rural Life Insurance. The amount was disbursed as an advance for Rural Life Insurance in the name of dealing accountant and later adjusted without supporting documents like death certificates, authorization letter from Gewog Administration etc. There were no evidences on record of having disbursed to legitimate claimants. Further, the advance availed for Rural Life Insurance was found adjusted from the Budget Head '5.01 – Stipend' leading to wrong booking as well. (AIN: 16344; OB No.:6 (Part-II B); Accountabilities: Direct: Wangchuk Dorji, Acctts. Asstt., EID No. 200807270; Supervisory: Wangchuk Dorji, Acctts. Asstt., EID No. 200807270)

Status: Observation still not settled as of date. Response awaited in audit.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audits.

To this end, necessary administrative actions were taken on those employees for indirectly aiding him in embezzling funds as per the recommendations of RAA, despite proving them innocent.

The Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

- h) Nu. 0.157 million was misappropriated from fund pertaining to stipend of Martshala PS and Karmaling HSS and Rural Life Insurance without supporting documents. The whereabouts of fund was not ascertainable. (AIN: 16344; OB No.:11 (Part-II B); Accountabilities: Direct: Wangchuk Dorji, Acctts. Asstt., EID No. 200807270; Supervisory: Wangchu Dorji, Sr. Dzongrab, EID No. 9308038; Sonam Dorji, Acctts. Asstt., EID No. 9504021)

Status: Observation still not settled as of date. Response awaited in audit.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audits.

To this end, necessary administrative actions were taken on those employees for indirectly aiding him in embezzling funds as per the recommendations of RAA, despite proving them innocent.

The Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

2.5 MISUSE OF TA/DA – NU. 0.908 MILLION

The Accounts Assistant of Drungkhag Administration, Samdrupcholing had misappropriated TA/DA funds as follows:

- a) Nu. 0.036 million was double booked vide cheque No. 001145 dated 20 December 2017 and cheque No. 001306 dated 27 December 2017. While the second cheque was supported with complete documents, the first cheque did not have supporting documents. The employee immediately informed to the Account Assistant having received the amount twice. Subsequently, the employee was asked to refund the amount to his personal Savings Account. However, the Account Assistant never restituted the amount into government account. (AIN: 16344; OB No.:9.1 (Part-II A); Accountabilities: Direct: Wangchuk Dorji, Acctts. Asstt., EID No. 200807270; Supervisory: Lobzang Dorji, Sr. Dungpa, EID No. 8801079)

Status: Observation still not settled as of date. Response awaited in audit.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audits.

To this end, necessary administrative actions were taken on those employees for indirectly aiding him in embezzling funds as per the recommendations of RAA, despite proving them innocent.

The Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

- b) Nu. 0.149 million was withdrawn as TA/DA of Drungkhag officials vide Cheque No. 000297 dated 4 September 2017 through office driver. The Accounts Assistant had asked the driver to deposit Nu. 0.100 million into Accounts Assistant's personal Savings Account and balance of Nu. 0.049 million was handed over in cash. (AIN: 16344; OB No.:9.2 (Part-II A); Accountabilities: Direct: Wangchuk Dorji, Accts. Asstt., EID No. 200807270; Supervisory: Lobzang Dorji, Sr. Dungpa, EID No. 8801079)

Status: Observation still not settled as of date. Response awaited in audit.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audits.

To this end, necessary administrative actions were taken on those employees for indirectly aiding him in embezzling funds as per the recommendations of RAA, despite proving them innocent.

The Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

- c) Nu. 0.086 million was misappropriated by way of preparing cheque in the name of Principal on 17 August 2017 for TA/DA of staff of Sarjung PS. However, the amount was found deposited into his personal Savings Account. Further, original payment voucher with supporting documents such as approved travel authorization and travel claims were not available for verification. There were no evidences of having paid the amount to staff of the school as indicated in the payment voucher. (AIN: 16344; OB No.:9.3 (Part-II A); Accountabilities: Direct: Wangchuk Dorji, Accts. Asstt., EID No. 200807270; Supervisory: Lobzang Dorji, Sr. Dungpa, EID No. 8801079)

Status: Observation still not settled as of date. Response awaited in audit.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audits.

To this end, necessary administrative actions were taken on those employees for indirectly aiding him in embezzling funds as per the recommendations of RAA, despite proving them innocent.

The Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

- d) Nu. 0.043 million was misappropriated by way of inflating the TA/DA amount of the driver of Martshala Gewog. The Accounts Assistant had given the driver a cheque for Nu. 0.047 million and asked the driver to retain his TA/DA claims of Nu. 4,000.00 and deposit the balance into the Accounts Assistant's personal Savings Account. There were no supporting documents and original vouchers for the amount deposited into the Accounts Assistant's personal Savings Account. (AIN: 16344; OB No.: 9.4 (Part-II A); Accountabilities: Direct: Wangchuk Dorji, Accts. Asstt., EID No. 200807270; Supervisory: Lobzang Dorji, Sr. Dungpa, EID No. 8801079)

Status: *Observation still not settled as of date. Response awaited in audit.*

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audits.

To this end, necessary administrative actions were taken on those employees for indirectly aiding him in embezzling funds as per the recommendations of RAA, despite proving them innocent.

The Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

- e) Nu. 0.106 million was misappropriated by inflating TA/DA claims of the employees. As against the total booking of Nu. 0.193 million on 24 September 2017, only Nu. 0.077 million was found deposited into the accounts of claimants. From the balance, Nu. 0.010 million was found paid to incumbent Gup of Pemathang Gewog and Nu. 0.106 million was found deposited into Accounts Assistant's personal Savings Account. (AIN: 16344; OB No.: 9.5 (Part-II A); Accountabilities: Direct: Wangchuk Dorji, Accts. Asstt., EID No. 200807270; Supervisory: Lobzang Dorji, Sr. Dungpa, EID No. 8801079)

Status: *Observation still not settled as of date. Response awaited in audit.*

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audits.

To this end, necessary administrative actions were taken on those employees for indirectly aiding him in embezzling funds as per the recommendations of RAA, despite proving them innocent.

The Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

- f) Nu. 0.113 million was misappropriated by way of inflating the TA/DA amounts of employees, booking TA/DA in the names of employees who are not part of Drungkhag payroll and claiming TA/DA by Accounts Assistant himself without travel authorization, travel claim bills and other supporting documents. (AIN: 16344; OB No.: 9.6 (Part-II A); Accountabilities: Direct: Wangchuk Dorji, Accts. Asstt., EID No. 200807270; Supervisory: Lobzang Dorji, Sr. Dungpa, EID No. 8801079)

Status: *Observation partially settled as of date. Response awaited in audit.*

Against Nu.0.113 million, Mr. Kuenga Dorji, Accts. Asstt. had deposited Nu.0.0.21 million into ARA vide receipt No. A01104 of 29/06/2020 along with 24% penalty leaving a balance amount of Nu. 0.092 million as of date.

- g) As against the TA/DA claim of employees amounting to Nu. 0.152 million, Nu. 0.146 million was paid to claimants and balance of Nu. 5,550.00 retained with the Accounts Assistant. (AIN: 16344; OB No.: 9.9 (Part-II A); Accountabilities: Direct: Wangchuk Dorji, Accts. Asstt., EID No. 200807270; Supervisory: Lobzang Dorji, Sr. Dungpa, EID No. 8801079)

Status: *Observation still not settled as of date. Response awaited in audit.*

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audits.

To this end, necessary administrative actions were taken on those employees for indirectly aiding him in embezzling funds as per the recommendations of RAA, despite proving them innocent.

The Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

- h) As against the withdrawal of Nu. 0.039 million, the verified claim of incumbent Gup of Samrang Gewog amounted to Nu. 0.029 million only and balance amount of Nu. 0.010 million was handed over to the Accounts Assistant. (AIN: 16344; OB No.: 9.10 (Part-II A); Accountabilities: Direct: Wangchuk Dorji, Accts. Asstt., EID No. 200807270; Supervisory: Lobzang Dorji, Sr. Dungpa, EID No. 8801079)

Status: *Observation still not settled as of date. Response awaited in audit.*

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audits.

To this end, necessary administrative actions were taken on those employees for indirectly aiding him in embezzling funds as per the recommendations of RAA, despite proving them innocent.

The Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

- i) Nu. 0.169 million was misappropriated through fictitious claims of TA/DA, passing claims more than actual, and claims without supporting documents which was deposited into his personal Saving Account. (AIN: 16344; OB No.: 7.1 (Part-II B); Accountabilities: Direct: Wangchuk Dorji, Accounts Assistant, EID No. 200807270; Supervisory: Lobzang Dorji, Senior Dungpa, EID No. 8801079; Wangchu Dorji, Senior Dzongrab, EID No. 9308038; Sonam Dorji, Accounts Assistant, EID No. 9504021)

Status: Observation still not settled as of date. Response awaited in audit.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audits.

To this end, necessary administrative actions were taken on those employees for indirectly aiding him in embezzling funds as per the recommendations of RAA, despite proving them innocent.

The Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

- j) Nu. 0.160 million was misappropriated from TA/DA claims of 30 June 2017. There were no records to substantiate the disbursement of the amount to legitimate claimants nor was it available as cash balance. (AIN: 16344; OB No.: 7.4 (Part-II B); Accountabilities: Direct: Wangchuk Dorji, Accts. Asstt., EID No. 200807270; Supervisory: Wangchuk Dorji, Accts. Asstt., EID No. 200807270; Lobzang Dorji, Sr. Dungpa, EID No. 8801079)

Status: Observation still not settled as of date. Response awaited in audit.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audits.

To this end, necessary administrative actions were taken on those employees for indirectly aiding him in embezzling funds as per the recommendations of RAA, despite proving them innocent.

The Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

- k) Nu. 0.030 million was misappropriated from funds disbursed on 26 October 2018 on account of TA/DA to Gup, Gaydrungs and caretaker. Further, the amount was deposited into his personal Savings Account instead of crediting the amount into the respective individual claimants' account. (AIN: 16344; OB No.:7.5 (Part-II B); Accountabilities: Direct: Wangchuk Dorji, Accts. Asstt., EID No. 200807270; Supervisory: Lobzang Dorji, Sr. Dungpa, EID No. 8801079; Wangchuk Dorji, Sr. Dzongrab, EID No. 9308038; Sonam Dorji, Accts. Asstt., EID No. 9504021)

Status: *Observation still not settled as of date. Response awaited in audit.*

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audits.

To this end, necessary administrative actions were taken on those employees for indirectly aiding him in embezzling funds as per the recommendations of RAA, despite proving them innocent.

The Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

2.6 WITHDRAWAL OF FUND IN EXCESS OF ACTUAL REQUIREMENTS – NU. 0.050 MILLION

The Accounts Assistant of the Drungkhag Administration, Samdrupcholing had misappropriated Nu. 0.050 million by overbooking TA/DA payment of Samdrupcholing Basic Health Unit staff. The Accounts Assistant had asked the Ambulance driver to withdraw Nu. 0.256 million from the bank and handover Nu. 0.201 million to the BHU Doctor. The balance of Nu. 0.055 million was deposited into the Accounts Assistant's personal Saving Account of which Nu. 5,000.00 was found transferred to the bank account of Malaria Technician, Pemathang BHU. (AIN: 16344; OB No.: 9.8 (Part-II A); Accountabilities: Direct: Wangchuk Dorji, Accts. Asstt., EID No. 200807270; Supervisory: Lobzang Dorji, Sr. Dungpa, EID No. 8801079)

Status: *Observation still not settled as of date. Response awaited in audit.*

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audits.

To this end, necessary administrative actions were taken on those employees for indirectly aiding him in embezzling funds as per the recommendations of RAA, despite proving them innocent.

The Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

2.7 MISUSE OF LOAN DEDUCTIONS AND INADMISSIBLE PAYMENTS – NU. 0.127 MILLION

The Accounts Assistant of the Drungkhag Administration, Samdrupcholing had misappropriated loan remittances amounting to Nu. 0.059 million by not remitting into respective loan accounts after deduction from monthly salary of one Contract Teacher of Martshala CS.

Further, the Accounts Assistant had also made inadmissible payments amounting to Nu. 0.068 million against the same teacher on account of Teaching Allowance, Pay Arrears and 50% Contract Allowance payment instead of the entitled 30%. *(AIN: 16344; OB No.:11 (Part-II A); Accountabilities: Direct: Wangchuk Dorji, Acctts. Asstt., EID No. 200807270; Nima Dorji, Teacher, EID No. 201103003; Supervisory: Lobzang Dorji, Sr. Dungpa, EID No. 8801079)*

Status: *Observation still not settled as of date. Response awaited in audit.*

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audits.

To this end, necessary administrative actions were taken on those employees for indirectly aiding him in embezzling funds as per the recommendations of RAA, despite proving them innocent.

The Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

2.8 AMOUNT DEPOSITED INTO PERSONAL SAVING ACCOUNT – NU. 0.291 MILLION

The Accounts Assistant of Drungkhag Administration, Samdrupcholing had deposited Nu. 0.291 million into his personal Savings Account. The amount pertained to stipend, National Day Celebration, Rural Life Insurance and TA/DA payment of Education sector. There were no

evidences of having disbursed to legitimate claimants. (AIN: 16344; OB No. 9 (Part-II B); Accountabilities: Direct: Wangchuk Dorji, Accts. Asstt., EID No. 200807270; Supervisory: Wangchu Dorji, Sr. Dzongrab, EID No. 9308038; Sonam Dorji, Accts. Asstt., EID No. 9504021; Tenzin Phuntsho, Accts. Officer, EID No. 20130101125)

Status: Observation still not settled as of date. Response awaited in audit.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to retribute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audits.

To this end, necessary administrative actions were taken on those employees for indirectly aiding him in embezzling funds as per the recommendations of RAA, despite proving them innocent.

The Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

2.9 ENCASHMENT OF CANCELLED CHEQUE – NU. 0.032 MILLION

The Drungkhag Administration, Samdrupcholing had cancelled cheque No. 345346 in the PEMS. However, the same cheque was found presented to bank for encashment on 14 June 2017 for an amount of Nu. 0.032 million and deposited into the account of the accountant. (AIN: 16344; OB No.: 10 (Part-II B); Accountabilities: Direct: Wangchuk Dorji, Accts. Asstt., EID No. 200807270; Supervisory: Kinzang Chopel, Admn. Asstt., EID No. 201004029)

Status: Observation still not settled as of date. Response awaited in audit.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to retribute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audits.

To this end, necessary administrative actions were taken on those employees for indirectly aiding him in embezzling funds as per the recommendations of RAA, despite proving them innocent.

The Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

2.10 MISAPPROPRIATION OF ELECTRICITY BILL – NU. 0.014 MILLION

The Accounts Assistant of Drungkhag Administration, Samdrupcholing had misappropriated electricity charges by indicating as reimbursement made to him for an amount of Nu. 0.014 million without documents like energy charges bills. The amount was found deposited into his

personal Savings Account. (AIN: 16344; OB No.:13 (Part-II B); Accountabilities: Direct: Wangchuk Dorji, Accts. Asstt., EID No. 200807270; Supervisory: Lobzang Dorji, Sr. Dungpa, EID No. 8801079)

Status: Observation still not settled as of date. Response awaited in audit.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audits.

To this end, necessary administrative actions were taken on those employees for indirectly aiding him in embezzling funds as per the recommendations of RAA, despite proving them innocent.

The Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

2.11 MISUSE THROUGH DIRECT BOOKING OF EXPENDITURE – NU. 0.102 MILLION

The Accounts Assistant of Drungkhag Administration, Samdrupcholing had deposited Nu. 0.102 million vide Cheque No. 345387 dated 14 June 2017 and cheque No. 345352 dated 14 June 2017 into his personal Savings Account. (AIN: 16344; OB No.:14 (Part-II B); Accountabilities: Direct: Wangchuk Dorji, Accts. Asstt., EID No. 200807270; Supervisory: Kinzang Chopel, Admn. Asstt., EID No. 201004029)

Status: Observation still not settled as of date. Response awaited in audit.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audits.

To this end, necessary administrative actions were taken on those employees for indirectly aiding him in embezzling funds as per the recommendations of RAA, despite proving them innocent.

The Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

2.12 MISAPPROPRIATION OF HOUSE RENT REMITTANCES – NU. 0.064 MILLION

The Accounts Assistant of Drungkhag Administration, Samdrupcholing had misappropriated government house rent remittances amounting to Nu. 0.064 million. The dealing accountant instead of depositing the remittances into respective account had deposited into his personal Savings Account. (AIN: 16344; OB No.:15 (Part-II B); Accountabilities: Direct: Wangchuk Dorji, Accts. Asstt., EID No. 200807270 ; Supervisory: Lobzang Dorji, Sr. Dungpa, EID No. 8801079)

Status: Observation still not settled as of date. Response awaited in audit.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audits.

To this end, necessary administrative actions were taken on those employees for indirectly aiding him in embezzling funds as per the recommendations of RAA, despite proving them innocent.

The Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

2.13 MISUSE THROUGH DOUBLE PAYMENT OF TRANSFER GRANTS – NU. 0.132 MILLION

The Accounts Assistant of Drungkhag Administration, Samdrupcholing had intentionally double booked transfer grants of six teachers of various schools amounting to Nu. 0.132 million. The actual transfer grants were disbursed under different vouchers of December 2016 and January 2017. However, the transfer grants for same teachers were again found booked vide voucher No. 143 dated 08 March 2017. (AIN: 16344; OB No.:18 (Part-II B); Accountabilities: Direct: Wangchuk Dorji, Accts. Asstt., EID No. 200807270; Supervisory: Sonam Dorji, Accts. Asstt., EID No. 9504021; Tshewang Rinzin, HRO, EID No. 20130101095)

Status: Observation still not settled as of date. Response awaited in audit.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audits.

To this end, necessary administrative actions were taken on those employees for indirectly aiding him in embezzling funds as per the recommendations of RAA, despite proving them innocent.

The Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

2.14 PAYMENT WITHOUT SUPPORTING DOCUMENTS – NU. 0.993 MILLION

The Accounts Assistant of Drungkhag Administration, Samdrupcholing had made payments without supporting documents as follows:

- a) As against the total disbursement of Nu. 0.097 million only Nu. 0.024 million was found genuine and supported with bills and office orders. The balance of Nu. 0.073 million was

booked under different budget activities without supporting documents. The cheque was found issued in the name of Accounts Assistant. (AIN: 16344; OB No.:4 (Part-II A); Accountabilities: Direct: Wangchuk Dorji, Accts. Asstt., EID No. 200807270; Supervisory: Lobzang Dorji, Sr. Dungpa, EID No. 8801079)

Status: Observation still not settled as of date. Response awaited in audit.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audits.

To this end, necessary administrative actions were taken on those employees for indirectly aiding him in embezzling funds as per the recommendations of RAA, despite proving them innocent.

The Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

- b) Nu. 0.016 million was booked on account of TA/DA to one of the Assistant Engineer without supporting documents. The amount was transferred into his personal Savings Account. (AIN: 16344; OB No.:5 (Part-II A); Accountabilities: Direct: Wangchuk Dorji, Accts. Asstt., EID No. 200807270; Supervisory: Lobzang Dorji, Sr. Dungpa, EID No. 8801079)

Status: Observation still not settled as of date. Response awaited in audit.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audits.

To this end, necessary administrative actions were taken on those employees for indirectly aiding him in embezzling funds as per the recommendations of RAA, despite proving them innocent.

The Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

- c) TA/DA claims of Nu. 0.091 million were booked vide DV No. 8.98 dated 31 August 2017 without supporting documents such as travel authorization, travel claim bills and tour report. (AIN: 16344; OB No.:9.7 (Part-II A); Accountabilities: Direct: Wangchuk Dorji, Accts. Asstt., EID No. 200807270; Supervisory: Lobzang Dorji, Sr. Dungpa, EID No. 8801079)

Status: Observation still not settled as of date. Response awaited in audit.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audits.

To this end, necessary administrative actions were taken on those employees for indirectly aiding him in embezzling funds as per the recommendations of RAA, despite proving them innocent.

The Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

- d) TA/DA of Nu. 0.061 million was claimed without supporting documents. The amount was found deposited into his personal Savings Account. (AIN: 16344; OB No.:7.3 (Part-II B); Accountabilities: Direct: Wangchuk Dorji, Acctts. Asstt., EID No. 200807270; Supervisory: Wangchu Dorji, Sr. Dzongrab, EID No. 9308038)

Status: Observation still not settled as of date. Response awaited in audit.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audits.

To this end, necessary administrative actions were taken on those employees for indirectly aiding him in embezzling funds as per the recommendations of RAA, despite proving them innocent.

The Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

- e) Nu. 0.105 million were found adjusted against various employees without supporting documents. Further verification of adjustments revealed that advances were recovered from above employees on installment basis from monthly salary. However, the amounts so recovered were found credited into his personal Savings Account. (AIN: 16344; OB No.:8 (Part-II B); Accountabilities: Direct: Wangchuk Dorji, Acctts. Asstt., EID No. 200807270; Supervisory: Wangchu Dorji, Sr. Dzongrab, EID No. 9308038)

Status: Observation still not settled as of date. Response awaited in audit.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audits.

To this end, necessary administrative actions were taken on those employees for indirectly aiding him in embezzling funds as per the recommendations of RAA, despite proving them innocent.

The Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

- f) Nu. 0.438 million was embezzled and deposited directly into his personal Savings Account vide Cheque No. 582722 of 30 June 2017. Original payment vouchers and related supporting documents were not available. The cheque was prepared in the name of dealing accountant. (AIN: 16344; OB No.:16 (Part-II B); Accountabilities: Direct: Jamyang Gyeltshen, Gup, CID No. 11109000378; Supervisory: Ugyen Wangchuk, GAO, EID No. 201105018)

Status: Observation still not settled as of date. Response awaited in audit.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audits.

To this end, necessary administrative actions were taken on those employees for indirectly aiding him in embezzling funds as per the recommendations of RAA, despite proving them innocent.

The Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

- g) Nu. 0.162 million was disbursed vide voucher No. 5.65 dated 01 May 2017 for supply of vegetables to Martshala CS. Original payment vouchers with supporting documents were not available for verification. (AIN: 16344; OB No.:17 (Part-II B); Accountabilities: Direct: Wangchuk Dorji, Accts. Asstt., EID No. 200807270; Supervisory: Sonam Dorji, Accts. Asstt., EID No. 9504021; Tshewang Rinzin, HRO, EIDNo. 20130101095)

Status: Observation still not settled as of date. Response awaited in audit.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audits.

To this end, necessary administrative actions were taken on those employees for indirectly aiding him in embezzling funds as per the recommendations of RAA, despite proving them innocent.

The Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

- h) Nu. 0.047 million was disbursed on account of TA/DA during Local Government Election on 05 October 2016. However, no supporting documents such as Travel Authorization, Travel Claims were available for verification. (AIN: 16344; OB No.:19 (Part-II B); Accountabilities: Direct: Wangchuk Dorji, Accts. Asstt., EID No. 200807270; Supervisory: Sonam Dorji, Accts. Asstt., EID No. 9504021; Tshewang Rinzin, HRO, EID No. 20130101095)

Status: Observation still not settled as of date. Response awaited in audit.

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audits.

To this end, necessary administrative actions were taken on those employees for indirectly aiding him in embezzling funds as per the recommendations of RAA, despite proving them innocent.

The Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

4. NON-COMPLIANCE TO LAWS AND RULES - NU. 8.958 MILLION

The cases of non-compliance to laws and rules involving Nu. 8.958 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 September 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
4.2	Outstanding Advances	2.229	-	2.229
4.3	Non-recovery of 20% penalty for incomplete works	3.204	-	3.204
4.4	Non-forfeiture of performance security deposits	3.525	-	3.525
	Total:	8.958	-	8.958

4.2 OUTSTANDING ADVANCES - NU. 2.229 MILLION

The Dzongkhag Administration, Samdrup Jongkhar had outstanding mobilization and materials advances amounting to Nu. 2.229 million against M/s Deki Builder Pvt. Ltd. for construction of

120-bedded Hostel and Kitchen-cum-store at Garpawoong MSS. The Dzongkhag Administration had failed to settle the advance upon termination of the contract. The case is currently under the Royal Court of Justice, Samdrup Jongkhar. (AIN: 15978; OB No.: 6.1; Accountabilities: Direct: Geduen Dema, AE, EID No. 200807188; M/s Delek Builder Pvt. Ltd., CDB. No. 7183; Supervisory: Tharchin Lhendup, Dzongdag, EID No. 8709022; Pema Dorji, Dzongrab, EID No. 9607074; Rinchen Gyeltshen, DEO, EID No. 9108071; Tenzin Phuntsho, FO, EID No. 20130101125; Chador Phuntsho, DE, EID No. 9102052)

Status: Observation still not settled as of date. Response awaited in audit.

The Dzongkhag Administration, Samdrupjongkhar submitted justification vide letter No. SDA/DES-04/2021-2022/1813 of 12/10/2021 stating that the court verdict was out in favour of the Dzongkhag.

However, the contractor was absconded and could not arrest even after the 3rd arrest warrant dated 28/07/2021 issued from Samdrupjongkhar Court.

4.3 NON-RECOVERY OF 20% PENALTY FOR INCOMPLETE WORKS – NU. 3.204 MILLION

The Dzongkhag Administration, Samdrup Jongkhar had not realized Nu. 3.204 million from M/s Delek Builder Pvt. Ltd., 20% on the value of incomplete works in line with contract agreement upon termination of the contract in the construction of 120-bedded Hostel and Kitchen-cum-store at Garpawoong MSS. The case is currently under the Royal Court of Justice, Samdrup Jongkhar. (AIN: 15978; OB No.:6.3; Accountabilities: Direct: Gaduen Dema, AE, EID No. 200807188; M/s Delek Builder Pvt. Ltd., CDB. No. 7183; Supervisory: Tharchin Lhendup, Dzongdag, EID No. 8709022; Pema Dorji, Dzongrab, EID No. 9607074; Rinchen Gyeltshen, DEO, EID No. 9108071; Tenzin Phuntsho, FO, EID No. 20130101125; Chador Phuntsho, DE, EID No. 9102052)

Status: Observation still not settled as of date. Response awaited in audit.

The Dzongkhag Administration, Samdrupjongkhar submitted justification vide letter No. SDA/DES-04/2021-2022/1813 of 12/10/2021 stating that the court verdict was out in favour of the Dzongkhag.

However, the contractor was absconded and could not arrest even after the 3rd arrest warrant dated 28/07/2021 issued from Samdrupjongkhar Court.

4.4. NON-FORFEITURE OF PERFORMANCE SECURITY DEPOSITS – NU. 3.525 MILLION

- a) The Dzongkhag Administration, Samdrup Jongkhar had not forfeited the Performance Security amounting to Nu. 3.204 million upon termination of the contract in the construction of 120 bedded Hostel and Kitchen-cum-store at Garpawoong MSS. M/s Delek Builder Pvt. Ltd. was awarded the contract in February 2016 and scheduled to be completed on 22 August 2017, but had failed to comply with the contract agreement with resultant termination of the contract on 9 April 2018. The case is currently under the Royal Court of Justice, Samdrup Jongkhar. (AIN: 15978; OB No.:6.4; Accountabilities: Direct: Gaduen Dema, AE, EID No. 200807188; M/s Delek Builder Pvt. Ltd., CDB. No. 7183; Supervisory: Tharchin Lhendup, Dzongdag, EID No. 8709022; Pema Dorji, Dzongrab, EID No. 9607074; Rinchen Gyeltshen, DEO, EID No. 9108071; Tenzin Phuntsho, FO, EID No. 20130101125; Chador Phuntsho, DE, EID No. 9102052)

Status: Observation still not settled as of date. Response awaited in audit.

The Dzongkhag Administration, Samdrupjongkhar submitted justification vide letter No. SDA/DES-04/2021-2022/1813 of 12/10/2021 stating that the court verdict was out in favour of the Dzongkhag.

However, the contractor was absconded and could not arrest even after the 3rd arrest warrant dated 28/07/2021 issued from Samdrupjongkhar Court.

- b) The Dzongkhag Administration, Samdrup Jongkhar had not forfeited the Performance Security amounting to Nu. 0.321 million upon termination of the contract due to expiry of validity of Bank Guarantee in the construction of flood protection works along Chukharpo stream, Phase-II at Jomotshangkha. M/s KandK Construction, Trashigang was awarded the contract in February 2018, but the contractor had failed to start the work even in June 2018 despite several reminders which resulted in termination of contract in 21 June 2018. The Dzongkhag Administration had failed to exercise due diligence in reviewing the validity of the Bank Guarantee. (AIN: 15978; OB No.:9.2; Accountabilities: Direct: Tashi Phuntsho, AE, EID No. 201101232; M/s K and K Construction, Trashigang, CDB No. 1753; Supervisory: Lamdra Wangdi, Dungpa, EID No. 9507333)

Status: Observation still not settled as of date. Response awaited in audit.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 116.004 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 116.004 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 September 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
5.3	Excess interim bill payments to the contractor	1.750	-	1.750
5.5	Payment made without supporting documents	9.412	-	9.412
5.6	Missing disbursement vouchers	104.842	-	104.842
	Total:	116.004	-	116.004

5.3 EXCESS INTERIM BILL PAYMENTS TO CONTRACTOR – NU. 1.750 MILLION

The Dzongkhag Administration, Samdrup Jongkhar had made excess payment of Nu. 1.750 million to M/s Delek Construction in the construction of 120-bedded Hostel and Kitchen-cum-store at Garpawoong MSS. The lapses had occurred due to release of excess payments in RA Bills as against actual quantities of work executed at site. The case is currently under the Royal Court of Justice, Samdrup Jongkhar. (AIN: 15978; OB No.:6.2; Accountabilities: Direct: Geduen Dema, AE, EID No. 200807188; M/s Delek Construction, CDB. No. 7183; Supervisory: Tharchin Lhendup, Dzongdag, EID No. 8709022)

Status: Observation still not settled as of date. Response awaited in audit.

The Dzongkhag Administration, Samdrupjongkhar submitted justification vide letter No. SDA/DES-04/2021-2022/1813 of 12/10/2021 stating that the court verdict was out in favour of the Dzongkhag.

However, the contractor was absconded and could not arrest even after the 3rd arrest warrant dated 28/07/2021 issued from Samdrupjongkhar Court.

5.5 PAYMENT WITHOUT SUPPORTING DOCUMENTS – NU. 9.412 MILLION

The Drungkhag Administration, Samdrupcholing had booked expenditure aggregating to Nu. 9.412 million on account of various expenses without supporting documents for the FYs 2016-17 and 2017-18. (AIN: 16344; OB No.: 1 (Part-I A); Accountabilities: Direct: Wangchuk Dorji, Accts. Asstt., EID No. 200807270; Supervisory: Wangchuk Dorji, Accts. Asstt., EID No. 200807270)

Status: *Observation still not settled as of date. Response awaited in audit.*

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audits.

To this end, necessary administrative actions were taken on those employees for indirectly aiding him in embezzling funds as per the recommendations of RAA, despite proving them innocent.

The Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

5.6 MISSING DISBURSEMENT VOUCHERS – NU. 104.842 MILLION

The Drungkhag Administration, Samdrupcholing had cases of missing vouchers valuing Nu. 104.842 million for the FY 2016-17 and 2017-18 on account of various expenses. The expenses were found reflected in the Cash Book but the disbursement/Journal/other and reversal vouchers were not physically available. (AIN: 16344; OB No.:2 (Part-I A); Accountabilities: Direct: Wangchuk Dorji, Accts. Asstt., EID No. 200807270; Supervisory: Wangchuk Dorji, Accts. Asstt., EID No. 200807270)

Status: *Observation still not settled as of date. Response awaited in audit.*

As per letter No. SCDA/ACCTS-05/2021-2022/989 of 28/03/2022, the High Court verdict was out on 13/12/2021. According to the verdict, the accused Wangchuk Dorji has been imprisoned for 7 years and also ordered to restitute Nu. 2,920,983.90 to the Royal Government within 6 months from the day of pronouncement of the verdict.

However, in the process of misappropriation and embezzlement of funds, he has used a different mode of Operandi and involved many innocent employees of the Drungkhag to dissuade controlling officers and Royal Audits.

To this end, necessary administrative actions were taken on those employees for indirectly aiding him in embezzling funds as per the recommendations of RAA, despite proving them innocent.

The Royal Court of Justice has also not implicated anyone of them in the case except the primary accused himself.

3.2.9. DZONGKHAG ADMINISTRATION, SAMTSE

The unsettled irregularities of Nu. 1.078 million reported to the Parliament in October 2021 had remained unsettled as on 31 March 2022 as shown in the table below.

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 September 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	1.078	0	1.078	
	Total:	1.078	-	1.078	-

The details of unsettled irregularities as on 31 March 2022 are as discussed below:

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 1.078 MILLION

The case of shortfalls, lapses and deficiencies involving Nu. 1.078 million is as indicated below:

5.1 OUTSTANDING ADVANCES – NU. 1.078 MILLION

The Dzongkhag Administration, Samtse had not adjusted outstanding PW Advances amounting to Nu. 1.730 million against contractors and parties as on 30 June 2018. Most of the outstanding advances pertained to the FY 2016-17. *(AIN: 16160; OB No.:9; Accountabilities: Direct: Paras Moktan, Dy. Chief Accounts Officer, EID No. 9411005; Yan Kumar Subba, Accounts Assistant, EID No. 9604092; Damchoe, Engineer, EID No. 200307025; Supervisory: Paras Moktan, Dy. Chief Accounts Officer, EID No. 9411005; Kinzang Dorji, DE, EID No. 9807036)*

***Status:** Observation partially settled. Amount of Nu. 0.652 million adjusted vide letter no.SD/Act-28/2020-21/3265/4486 dated.5/4/2021. Leaving a balance amount of Nu.1.078 million to be recovered.*

3.2.10. DZONGKHAG ADMINISTRATION SARPANG

The unsettled irregularities of Nu. 0.103 million reported to the Parliament in October 2021, had remained unsettled as on 31 March 2022 as shown in the table below.

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 September 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	0.103	-	0.103	
	Total:	0.103	-	0.103	-

The details of unsettled irregularities as on 31 March 2022 are as discussed below:

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.103 MILLION

The case of shortfalls, lapses and deficiencies involving Nu. 0.103 million is as indicated below:

5.1. NON-RECOVERY OF OUTSTANDING ADVANCE UPON TERMINATION OF CONTRACT – NU. 0.103 MILLION

The Dzongkhag Administration, Sarpang had not recovered outstanding advance amounting to Nu. 0.103 million from M/s Ninda Karsoom Construction, Gelephu pertaining to major renovation of classrooms building and development of football ground at Lharing PS upon termination of the contract. Although the Dzongkhag subsequently forfeited the contractor's performance bond, cash warrant of differential amount and retention money of interim bills, these were not enough to adjust the excess payment. (AIN: 16157; OB No.: 1; Accountabilities: Direct: Sigyel Wangchuk, JE, EID No. 20140103486; M/s Ninda Karsoom Construction, Gelephu, CBD No. 7928; Supervisory: Sangay Tenzin, Chief DE, EID No. 8808028)

Status: Observation still not settled. Dzongkhag Court, Sarpang issued verdict in favor of Dzongkhag Administration. The case has been put for the enforcement of the judgement.

3.2.11. DZONGKHAG ADMINISTRATION, THIMPHU

During the year, the RAA had issued one audit report of the Dzongkhag Administration, Thimphu. There were six observations amounting to Nu. 2.515 million of which Nu. 0.116 million were resolved as of 31 January 2020 and Nu. 0.020 million did not qualify for inclusion in the AAR.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up with the Dzongkhag and out of the balance unsettled irregularities of Nu. 2.306 million reported to the Parliament in October 2021 was settled as on 31 March 2022 as shown in the table below:

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 September 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
4	Non-compliance to laws and rules	2.306	2.306	-	100
	Total:	2.306	2.306	-	100.00

The details of unsettled irregularities reported to the Parliament in October 2021; irregularities settled and unsettled balances as on 31 March 2022 are as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 2.306 MILLION

The case of non-compliance to laws and rules involving Nu. 2.306 million as indicated below:

4.1 NON-SUBMISSION OF DETAILS ON PROCUREMENT OF HDPE PIPES TO DNP – NU. 2.306 MILLION

The Dzongkhag Administration, Thimphu had procured HDPE pipes valuing Nu. 36.469 million during 2017-18. However, the Dzongkhag Administration had failed to endorse the total quantities purchased to the Department of National Properties, MoF as required for processing 6% rebate. As a result, the Department of National Properties, MoF could not avail 6% rebate amounting to Nu.2.306 million offered by M/s Bhutan Polythene Corporation Limited, Phuentsholing. (AIN: 16102; OB No.: 1; Accountabilities: Direct: Tshewang Samdrup, AE, EID No. 200311004; Supervisory: Chhabi Lal Das, DE, EID No. 8808036)

Status: Observation settled based on the acknowledgement letter obtained from the DNP, MoF and produce to RAA.

3.2.13. DZONGKHAG ADMINISTRATION, TRASHIYANGTSE

The unsettled irregularities of Nu. 5.211 million reported to the Parliament in October 2021 had remained unsettled as on 31 March 2022 as shown in the table below.

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 September 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
4	Non-compliance to laws and rules	2.664		2.664	
5	Shortfalls, lapses and deficiencies	2.547		2.547	
	Total:	5.211		5.211	-

The details of unsettled irregularities as on 31 March 2022 are as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 2.664 MILLION

The cases of non-compliance to laws and rules involving Nu. 2.664 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 September 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
4.1	Retention of fund under Closed Works Account	2.664	-	2.664
	Total:	2.664	-	2.664

4.1 RETENTION OF FUND UNDER CLOSED WORKS ACCOUNT – NU. 2.664 MILLION

The Dzongkhag Administration, Trashiyangtse had retained Nu. 2.664 million under Closed Work Account during the FY 2017-18 for the construction of internal water pipeline at Duksum. However, despite closure of the subsequent FY 2018-19, the Dzongkhag Administration had not settled the closed work account. (AIN: 15891; OB No.: 1; Accountabilities: Direct: Tashi Rabten, Junior Engineer, EID No. 200807179; M/s Dawa Zangpo Construction, CDB No. 7184; Supervisory: Rinchen Laydra, Assistant Engineer, EID No. 9907022)

Status: Observation not settled. The Dzongkhag had not submitted response as of date.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 2.547 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 2.547 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 September 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
5.1	Non-surrender of Fund balance	0.558	-	0.558
5.2	Excess Payments	0.630	-	0.630
5.3	Non-Recovery of 20% penalty for incomplete works	1.359	-	1.359
	Total:	2.547	-	2.547

5.1 NON-SURRENDER OF FUND BALANCES – NU. 0.558 MILLION

The Dzongkhag Administration, Trashiyangtse had not surrendered unspent fund balance of Nu. 0.558 million pertaining to River Training works at *Serkang Chhu* - Phase I to the Department of Public Account despite settling the final bill. The amount was initially retained under Closed Work Account. (AIN: 15891; OB No.:2; Accountabilities: Direct: Tashi Rabten, Junior Engineer, EID No. 200807179; Supervisory: Rinchen Dorji, Finance Officer, EID No. 20150104953)

Status: Observation not settled. The Dzongkhag had not submitted ATR as of date.

5.2 EXCESS PAYMENTS – NU. 0.630 MILLION

- a) The Dzongkhag Administration, Trashiyangtse had made excess payment of Nu. 0.398 million to M/s Lungkhor Construction for works not executed at site in the River Training wall at *Serkang Chhu* - Phase II. The excess payment had occurred due to difference in the quantities paid for and quantities actually executed at site for plum concrete works. (AIN: 15891; OB No.:7; Accountabilities: Direct: Tashi Rabten, Junior Engineer, EID No. 200807179; M/s Lungkhor Construction, CDB No. 4793; Supervisory: Rinchen Dorji, Finance Officer, EID No. 20150104953)

Status: Observation not settled. The Dzongkhag had not submitted ATR as of date.

- b) The Dzongkhag Administration, Trashiyangtse had made excess payment of Nu.0.232 million to M/s KTP Construction for the construction of steel frame Multipurpose Hall at Trashiyangtse LSS. The lapses had occurred due to acceptance of excess claim of dimensions

in the footing works, application of wrong standard conversion weight for reinforcement bars, excess claims of number of RCC footing pads and short deductions of lump sum rebate. Further, cracks between RCC column and CRM wall was also noted requiring immediate rectification. (AIN: 15891; OB No.:14; Accountabilities: Direct: Damodar Adhikari, JE, EID No. 20130101893; M/s KTP Construction, CDB No. 5465; Supervisory: Tshering Wangchuk, Principal Engineer, EID NO. 9307023)

Status: Observation not settled. The Dzongkhag had not submitted ATR as of date.

5.3 NON-RECOVERY OF 20% PENALTY FOR INCOMPLETE WORKS – NU. 1.359 MILLION

The Dzongkhag Administration, Trashiyangtse had not recovered 20% on the value of works not completed and mobilisation advance amounting to Nu. 1.359 million from the construction of Four-Unit Staff Quarter at Kheni LSS awarded to M/s Lhawang Gyajin Construction, Trashiyangtse upon termination of the contract. The case is under Royal Court of Justice, Trashiyangtse. (AIN: 15891; OB No.:9; Accountabilities: Direct: Namgay Phuntsho, JE, EID No. 20140103499; M/s Lhawang Gyajin Construction, CDB No. 5007; Supervisory: Tshering Wangchuk, Principal Engineer, EID No. 9307023)

Status: Observation not settled. The Dzongkhag had not submitted ATR as of date.

3.2.14. DZONGKHAG ADMINISTRATION, TRONGSA

The unsettled irregularities of Nu. 9.886 million reported to the Parliament in October 2021 had remained unsettled as on 31 March 2022 as shown in the table below.

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 September 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
4	Non-compliance to laws and rules	6.845	-	6.845	
5	Shortfalls, lapses and deficiencies	3.041	-	3.041	
	Total:	9.886	-	9.886	-

The details of unsettled irregularities as on 31 March 2022 are as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 6.845 MILLION

The cases of non-compliance to laws and rules involving Nu. 6.845 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 September 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
4.1	Extravagant payment	6.419	-	6.419

4.2	Short/Non-levy of Liquidated Damages	0.426	-	0.426
4.3	Defective works	-	-	Unsettled
	Total:	6.845	-	6.845

4.1 EXTRAVAGANT PAYMENT – NU. 6.419 MILLION

The Dzongkhag Administration, Trongsa had made extravagant payment amounting to Nu. 6.419 million to M/s Dechen Construction, Sarpang against an item of wood work in the construction of Eight-Unit Classroom with ADM Block and Laboratory Block at Tshangkha CS.

The estimated rate prepared by the Dzongkhag Administration for the item of work '*Providing and Fixing dressed wood work in timber nailing strip 50x25 including finishing with two coat of touch wood polish*' based on the BSR 2013, Gelephu with 20% cost index was only Nu. 63.79 per metre as against the quoted rate of Nu. 15,000.00 per metre. As per estimate, the value of work amounted to Nu. 0.027 million only.

The evaluation committee had failed to detect the highly inflated bid price quoted for the item and had also failed to ask for rate analysis from the contractor resulting into the above extravagant payment. (AIN: 16452; OB No.: 17.6; Accountabilities: Direct: Lhawang Gyelmo, AE, EID No. 200307021; M/s Dechen Construction, Sarpang, CDB No. 1899; Supervisory: Sonam Dorji, DE, EID No. 200507214).

Status: Observation not settled. Reminder letter served vide letter No.RAA/BT/Fus-01/2021/505 dated 14/04/2021 to the Trongsa Dzongkhag but still ATR not yet received as of date.

4.2 SHORT/NON-LEVY OF LIQUIDATED DAMAGES – NU. 0.426 MILLION

- a) The Dzongkhag Administration, Trongsa had short-levied liquidated damages amounting Nu. 0.244 million in the construction of Six-Unit Classroom Block at Samcholing MSS awarded to M/s L S Construction. The contractor was liable for Nu. 0.319 million for delay in completion of works but was levied only Nu. 0.075 million. The contractor had submitted work completion report on 20 June 2017 but the Dzongkhag Administration had taken over the completed works only on 30 January 2018 after a substantial lapse of seven months. (AIN: 16452; OB No.: 19; Accountabilities: Direct: Dawa Lhamo, AE, EID No. 200508155; M/s L.S. Construction, CDB No. 5343; Supervisory: Sonam Dorji, DE, EID No. 200507214)

Status: Observation not settled. Reminder letter served vide letter No.RAA/BT/Fus-01/2021/505 dated 14/04/2021

- b) The Dzongkhag Administration, Trongsa had not levied liquidated damages amounting to Nu. 0.182 million for delay in completion of construction of Eco-Tourism Guest House at Nabji-Korphu awarded to M/s Tshering Tenzin Construction, Zhemgang. The completion was delayed by nine months. (AIN: 16452; OB No.: 20.1; Accountabilities: Direct: Sangay Dorji, AE, EID No. 20140103509; M/s Tshering Tenzin Construction, CDB No. 2135; Supervisory: Sonam Dorji, DE, EID No. 200507214)

Status: Observation not settled. Reminder letter served vide letter No.RAA/BT/Fus-01/2021/505 dated 14/04/2021 to the Trongsa Dzongkhag but still appropriate ATR not yet received as on 30th August,2021

4.3 DEFECTIVE WORKS

The Dzongkhag Administration, Trongsa had accepted defective works in the construction of Eco-Tourism Guest House at Nabji-Korphu. The defective works included; a) water seepage on the toilet walls due to improper and substandard executions of shower fittings, b) leakage from the CGI sheet roofing damaging plywood ceiling, c) the electrical wirings were not properly laid and the electric fan provided was unserviceable, and d) substandard flooring works and window frames without smooth finishing. (AIN: 16452; OB No.: 20.4; Accountabilities: Direct: Sangay Dorji, AE, EID No. 20140103509; M/s Tshering Tenzin Construction, CDB No. 2135; Supervisory: Sonam Dorji, DE, EID No. 200507214)

Status: Observation not settled. Reminder letter served vide letter No.RAA/BT/Fus-01/2021/505 dated 14/04/2021 to the Trongsa Dzongkhag but still appropriate ATR not yet received as of date.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 3.041 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 3.041 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 September 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
5.1	Short deduction of house rent	0.034	-	0.034
5.2	Double payment of TA/DA	0.030	-	0.030
5.3	Excess/Over Payments	1.181	-	1.181
5.4	Outstanding advances	1.718	-	1.718
5.5	Lapses in loan disbursement and repayments	-	-	Unsettled
5.6	Non-submission of details on procurement of HDPE pipes to DNP	0.078	-	0.078
Total:		3.041	-	3.041

5.1 SHORT-DEDUCTION OF HOUSE RENT – NU. 0.034 MILLION

The Dzongkhag Administration, Trongsa had made short-deduction of monthly house rents from the occupants of Government quarters to the tune of Nu. 0.188 million. The lapses had occurred due to non-revision of house rent as notified by the Ministry of Finance in 2018. (AIN: 16452; OB No.: 4; Accountabilities: Direct: (For Accountabilities refer Audit Report); Supervisory: Sangay Chojay, Assistant Accounts Officer, EID No. 20160106472)

Status: Observation not settled. An amount of Nu.154,035.92 deposited/adjusted leaving a balance of Nu.33,617.87 as on 30/9/2021.

5.2 DOUBLE PAYMENT OF TA/DA – NU. 0.030 MILLION

The Dzongkhag Administration, Trongsa had made double payments amounting to Nu. 0.302 million on account of Travelling and Daily Allowances of various officials. The double payments had occurred mainly due to non-maintenance of travel register and lack of effective controls. (AIN: 16452; OB No.: 7; Accountabilities: Direct: (For Accountabilities refer Audit Report); Supervisory: Sangay Chojay, Assistant Accounts Officer, EID No. 20160106472)

Status: Observation not settled. An amount of Nu. 272,248.00 had been deposited/adjusted, leaving a balance of Nu.29,500.00 as on 30/9/2021.

5.3 EXCESS/OVER PAYMENT – NU. 1.181 MILLION

- a) The Dzongkhag Administration, Trongsa had made excess payment amounting to Nu. 0.084 million for plinth protection works in the construction of Eight-Unit Classroom with ADM Block and Laboratory Block at Tshangkha CS to M/s Dechen Construction, Sarpang. The excess payment had occurred due to payment for RCC plinth protection works instead of PCC plinth protection works executed at site. (AIN: 16452; OB No.: 17.7; Accountabilities: Direct: Lhawang Gyelmo, AE, EID No. 200307021; M/s Dechen Construction, Sarpang, CDB No. 1899; Supervisory: Sonam Dorji, DE, EID No. 200507214)

Status: Observation not resolved. A sum of Nu.0.084 million is deposited into ARA vide R/No.02157 dated 03/11/2022 leaving the interest portion amount of Nu.33,506.09 as on 31/03/2022

- b) The Dzongkhag Administration, Trongsa had made excess payment of Nu. 0.474 million on account of procurement of various goods. The excess payments had occurred due to acceptance of higher rates instead of quoted rates. (AIN: 16452; OB No.:14; Accountabilities: Direct: Pema Chopel, Procurement Officer, EID No. 20140504341; Supervisory: Pema Chopel, Procurement Officer, EID No. 20140504341)

- c) **Status:** Observation not settled. Reminder letter served vide letter No.RAA/BT/Fus-01/2021/505 dated 14/04/2021 to the Trongsa Dzongkhag.

- d) The Dzongkhag Administration, Trongsa had made excess payment of Nu. 0.341 million to the contractor in the construction of Eight-Unit Classroom with Administrative Block and Laboratory Block at Tshangkha CS awarded to M/s Dechen Construction, Sarpang. The excess payment had occurred due to non-deduction of beams and slabs for computing quantity of concrete bricks work for the superstructure. (AIN: 16452; OB No.:17.1; Accountabilities: Direct: Lhawang Gyelmo, AE, EID No. 200307021; M/s Dechen Construction, CDB No. 1899; Supervisory: Sonam Dorji, DE, EID No. 200507214)

Status: Observation still not settled. Reminder letter served vide letter No.RAA/BT/Fus-01/2021/505 dated 14/04/2021 to the Trongsa Dzongkhag but still appropriate ATR not yet received as of date.

- e) The Dzongkhag Administration, Trongsa had made excess payment of Nu. 0.053 million to the contractor in the construction of 8 Unit Classroom with Administrative Block and Laboratory Block at Tshangkha CS M/s Dechen Construction, Sarpang. The excess payment had occurred due to payment for 5.64 m³ as against actual execution of 2.70 m³ at site for providing and fixing flooring joists. (AIN: 16452; OB No.:17.4; Accountabilities: Direct: Lhawang Gyelmo, AE, EID No. 200307021; M/s Dechen Construction, CDB No. 1899; Supervisory: Sonam Dorji, DE, EID No. 200507214)

Status: Observation still not settled. Reminder letter served vide letter No.RAA/BT/Fus-01/2021/505 dated 14/04/2021 to the Trongsa Dzongkhag but still appropriate ATR not yet received as of date.

- f) The Dzongkhag Administration, Trongsa had made excess payment of Nu. 0.229 million to the contractor in the Construction of 120 bedded hostels for Boys and Girls with site development at Tshangkha CS awarded to M/s Samphel Dhendup Construction, Punakha. The excess payment had occurred due to non-deduction of beams and slabs for computing quantity of concrete bricks work for the superstructure. (AIN: 16452; OB No.:18.2; Accountabilities: Direct: Lhawang Gyelmo, AE, EID No. 200307021; M/s Samphel Dhendup Construction, Punakha CDB No. 2266; Supervisory: Sonam Dorji, DE, EID No. 200507214)

Status: Observation still not settled. Reminder letter served vide letter No.RAA/BT/Fus-01/2021/505 dated 14/04/2021 to the Trongsa Dzongkhag but still appropriate ATR not yet received as of date.

5.4 OUTSTANDING ADVANCES – NU. 1.718 MILLION

- a) The Dzongkhag Administration, Trongsa had outstanding Public Works Advances amounting to Nu. 1.184 million lying against M/s AP Sha Construction, Thimphu pertaining to the Re-electrification of Trongsa Dzong. The advance was not adjusted from the final bill. (AIN: 16452; OB No.:22; Accountabilities: Direct: Tshering Dawa, Accounts Assistant, EID No. 20141204880; M/s Ap Sha Construction, CDB No. 4153; Supervisory: Sangay Chojay, Assistant Accounts Officer, EID No. 20160106472)

Status: Observation still not settled. Reminder letter served vide letter No.RAA/BT/Fus-01/2021/505 dated 14/04/2021 to the Trongsa Dzongkhag but still appropriate ATR not yet received as of date.

- b) The Dzongkhag Administration, Trongsa had outstanding Public Works Advances amounting to Nu. 0.534 million lying unadjusted against M/s AK Construction pertaining to Monmay Gang Irrigation Channel. The Dzongkhag had not deducted the advances released to the contractor from the bills. (AIN 16452: OB No.: 21; Accountabilities: Direct: Tshering Dawa, Accounts Assistant, EID No. 20141204880; M/s AK Construction, CDB No. 6097; Supervisory: Sangay Chojay, Assistant Accounts Officer, EID No. 20160106472)

Status: Observation still not settled. Reminder letter served vide letter No.RAA/BT/Fus-01/2021/505 dated 14/04/2021 to the Trongsa Dzongkhag but still appropriate ATR not yet received as of date.

5.5 LAPSES IN LOAN DISBURSEMENT AND REPAYMENTS

The Dzongkhag Administration, Trongsa had disbursed loans amounting to Nu. 14.916 million (including interest) to various individuals and party from the *Moenlam Chhenmo* Fund. There were no records to authenticate the repayment of these loans and the same could not be verified during audit. The RAA could not verify the account of the funds in the absence of records. The Dzongkhag was asked to furnish relevant documents for further review. (AIN: 16452; OB No.: 31.2; Accountabilities: Direct: Tashi Pelden, CID No. 11704001027; Jigme Namgayl, CID No. 11705001719, Supervisory: Kinley Gyeltshen, Dzongrab, EID No. 9904019; Tashi Pelden, CID No. 11704001027; Jigme Namgayl, CID No. 11705001719).

Status: Observation still not settled. Reminder letter served vide letter No.RAA/BT/Fus-01/2021/505 dated 14/04/2021 to the Trongsa Dzongkhag but still appropriate ATR not yet received as of date.

5.6 NON-SUBMISSION OF DETAILS ON PROCUREMENT OF HDPE PIPES TO DNP

The Dzongkhag Administration, Trongsa had procured HDPE pipes valuing Nu. 1.303 million during 2017-18. However, the Dzongkhag Administration had failed to endorse the total quantities purchased to the Department of National Properties, Ministry of Finance as required for processing 6% rebate. As a result, the Department of National Properties, Ministry of Finance could not avail 6% rebate amounting to Nu. 0.078 million offered by M/s Bhutan Polythene Corporation Limited, Phuentsholing. (AIN: 16452; OB No.: 15; Accountabilities: Direct: Pema Chopel, Procurement Officer, EID No. 20140504341; Supervisory: Pema Chopel, Procurement Officer, EID No. 20140504341)

Status: Observation still not settled. Reminder letter served vide letter No.RAA/BT/Fus-01/2021/505 dated 14/04/2021 to the Trongsa Dzongkhag but still appropriate ATR not yet received as of date.

3.2.15. DZONGKHAG ADMINISTRATION, WANGDUE PHODRANG

The unsettled irregularities of Nu. 0.328 million reported to the Parliament in October 2021 had remained unresolved as on 31 March 2022 as shown in the table below.

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 September 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
4	Non-compliance to laws and rules	-	-		Unsettled
5	Shortfalls, lapses and deficiencies	0.328	-	0.328	
Total:		0.328	-	0.328	-

The details of unsettled irregularities as on 31 March 2022 are as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES

The case of non-compliance to laws and rules is as indicated below:

4.1 DEFECTIVE WORKS

- The Dzongkhag Administration, Wangdue Phodrang had accepted defective works in the construction of 120-bedded hostel with Matron's quarter, two toilets and Eight-unit classrooms at Gaselo CS executed by M/s Druk Lam-sel Construction, Thimphu. There were defects in fixation of Glass-fibre Reinforced Concrete (GRC) cornices with gap between wall and cornices covered with PCC filling, execution of substandard mosaic flooring work resulting into development of potholes and, leakages in toilet pipe lines damaging the structure. (AIN: 16302; OB No.:1.2; Accountabilities: Direct: Tapas Biswa, JE, CID No. 11308001154; M/s Druk Lam-sel Construction, Thimphu, CDB No. 7680; Supervisory: Labchu, DE, EID No. 8601092)

Status: Observation still not settled. Response awaited, no rectification done as of now

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.328 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.328 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 September 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
5.2	Irregular booking of expenses	0.151	-	0.151
5.3	Non-documentation of acknowledgement receipts	0.025	-	0.025
5.4	Outstanding Advances	0.152	-	0.152
	Total:	0.328	-	0.328

5.2 IRREGULAR BOOKING OF EXPENSES – NU. 0.151 MILLION

The Dzongkhag Administration, Wangdue Phodrang had booked Nu. 0.225 million on account of maintenance of Election Advertising Board for National Council Election 2018 in seven Gewogs. However, records showed that only Nu. 0.044 million were paid for the maintenance works carried out, leaving a balance of Nu. 0.151 million which was not properly accounted for. (AIN: 16302; OB No.:10; Accountabilities: Direct: Kunzang, LRO, EID No. 91013020; Gyembo, LRO, EID No. 200803006; Supervisory: Kunzang, LRO, EID No. 91013020; Gyembo, LRO, EID No. 200803006)

Status: Observation still not settled. The Dzongkhag had not responded as of date.

5.3 NON-DOCUMENTATION OF ACKNOWLEDGEMENT RECEIPTS – NU. 0.025 MILLION

The Dzongkhag Administration, Wangdue Phodrang had disbursed Nu. 0.070 million to Gewog Administrative Officers of nine Gewogs as working charges for construction of 14 Temporary Polling Stations @ Nu. 5,000.00 per polling station for National Council Election 2018. However, during the site visit to the Gewogs and on inquiry with the beneficiaries, it was found that they did not receive the amount in full. Further, no details of recipients were documented by the concerned Gewog Administrative Officer to substantiate disbursements. (AIN: 16302; OB No.:11; Accountabilities: Direct: Dorji Wangdi, DzEO, EID No. 201008014; Kelzang Dema, GAO, Nysho Gewog, EID No. 200805035; Supervisory: Dorji Wangdi, DzEO, EID No. 201008014)

Status: Observation partially settled. An amount of Nu.0.035 million settle vide letter no. Nil dated 24.03.2020. Leaving a balance of Nu.0.025 million as on 30/9/2021.

5.4 OUTSTANDING ADVANCES – NU. 0.152 MILLION

The Dzongkhag Administration, Wangdue Phodrang had not adjusted outstanding Personal Advances amounting to Nu. 0.015 million and PW Advances of Nu. 1.793 million against various parties and individuals as on 30 June 2018. (AIN: 16302; OB No.:12; Accountabilities: Direct: Sonam Tobgay B, DT Secretary, EID No. 200508168; Shacha Gyeltshen, Cultural Officer, EID No. 200505019; Kumbu Dorji, JE, EID No. 20120100119; Younten Dorji, Finance Officer, 200901056; Tshering Choki, Technician, EID No. 20121201951; Sonam Wangchuk, Accounts Asstt. V, EID No. 20120700715; Sangay, Accounts Asstt. III, EID No. 200907176; Tashi Zangpo, Sr. Technician, EID

No. 8505068; Pemba, Gup, Dangchu, CID No. 11904000420; Khandu Dorji, Gup, Athang, CID No. 11901000845; Tashi Dema, JE, EID No. 201101208; Karma Dupchu, Dental Technician, EID No. 9907067; Tenzin Phuntsho, AHRO, EID No. 200508101; Melam, VP, EID No. 9507156; Jampel Choda, Procurement Officer, EID No. 200707184; Dr. Dawa Gyeltshen, GDMO, EID No. 20170709561; Dilli Ram Rai, Caretaker, CID No. 11808001721; Joshwa Construction, CDB No. 4647; Lucky Gongphel Construction, CDB No. 6081; Ngo Tshar Tashi Yangkhil Construction, CDB No. 5896; Supervisory: Younten Dorji, Finance Officer, EID No. 200901056)

Status: Partially settled. An amount of Nu.1.641million adjusted vide letter No. DAW/ACCT-32/2019-2020/7659 dated 23.03.2020. Leaving a balance of Nu.0.152 million as on 30/9/2021.

3.2.16. DZONGKHAG ADMINISTRATION, ZHEMGANG

The unsettled irregularities of Nu. 3.980 million reported to the Parliament in October 2021, Nu. 0.363 million was settled leaving a balance of Nu.3.727 million as on 31 March 2022 as shown in the table below.

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 September 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
3	Mismanagement	0.332	-	0.332	
4	Non-compliance to laws and rules	0.859	0.363	0.606	42.26
5	Shortfalls, lapses and deficiencies	2.789		2.789	
	Total:	3.980	0.363	3.727	9.12

The details of unsettled irregularities as on 31 March 2022 are as discussed below:

3. MISMANAGEMENT - NU. 0.332 MILLION

The case of Mismanagement involving Nu. 0.332 million is as indicated below:

3.1 RETENTION OF RENTAL CHARGES – NU. 0.332 MILLION

The Dzongkhag Administration, Zhemgang had retained rental charges of Nu.0.332 million realized from the two-storied building at Duenmang Tshachu. The amount was deposited in Current Deposit Account maintained with Bank of Bhutan Limited without approval of Ministry of Finance. (AIN: 16290; OB No.:24.1; Accountabilities: Direct: Karma Darjay, EID No. 8907130; Supervisory: Kinzang Dorji, Dzongrab, EID No. 200310189)

Status: Observation still not settled. Reminder letter served vide letter No.RAA/BT/Fus-01/2021/503 dated 13/04/2021

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 0.606 MILLION

The cases of non-compliance to laws and rules involving Nu. 0.606 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 September 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
4.2	Non levy of LD	0.606	-	0.606
	Total:	0.606	-	0.606

4.2 NON-LEVY OF LIQUIDATED DAMAGES – NU. 0.606 MILLION

- a) The Dzongkhag Administration, Zhemgang had not levied liquidated damages amounting to Nu. 0.346 million for delay in completion of Construction of Footpath and Compound Light at Zhemgang CS awarded to M/s Rabten Lhanam Construction, Zhemgang. The contractor had failed to complete the work within extended time. (AIN: 16290; OB No.:3.5; Accountabilities: Direct: Yeshey Rinzin, Engineer, EID No. 201101215; M/s Rabtem Lhanam Construction, CDB No. 7087; Supervisory: Kintu, District Engineer, EID No. 200801083)

Status: Observation still not resolved. Reminder letter served vide letter No.RAA/BT/Fus-01/2021/503 dated 13/04/2021

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 2.789 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 2.789 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 September 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
5.1	Payment for works not executed	1.739	-	1.739
5.2	Excess payment	0.281	-	0.281
5.3	Payment made without receipt of materials	0.078	-	0.078
5.4	Outstanding Advances	0.691	-	0.691
	Total:	2.789	-	2.789

- b) The Dzongkhag Administration, Zhemgang had made payment of Nu. 1.739 million towards installation of compound light in the Construction of Footpath and Compound Light at Zhemgang CS awarded to M/s Rabten Lhanam Construction, Zhemgang. The works remained uncompleted even after five months of releasing the payment. (AIN: 16290; OB No.: 3.4; Accountabilities: Direct: Yeshey Rinzin, Engineer EID No. 201101215; M/s Rabtem Lhanam Construction, CDB No. 7087; Supervisory: Kintu, District Engineer, EID No. 200801083)

Status: Observation still not resolved. Reminder letter served vide letter No.RAA/BT/Fus-01/2021/503 dated 13/04/2021

5.2 EXCESS PAYMENT – NU. 0.281 MILLION

- b) The Dzongkhag Administration, Zhemgang had made excess payment of Nu. 0.214 million for construction of RRM open surface drain in the Improvement Work of Drainage System at Gomphu LSS awarded to M/s Urung Construction, Trashigang. The excess payment had occurred due to difference in the quantities paid for and quantities actually executed at site.

The works completed included quantities of footpath already constructed and paid in the previous FY. (AIN: 16290; OB No.:15; Accountabilities: Direct: Binod Kr. Tamang, Engineer, EID No. 200407010; M/s Urung Construction, CDB No. 7974; Supervisory: Kintu, DE, EID No. 200801083)

Status: Observation still not settled. Reminder letter served vide letter No.RAA/BT/Fus-01/2021/503 dated 13/04/2021

- c) The Dzongkhag Administration, Zhemgang had made excess payment of Nu. 0.067 million in the Construction of Two Units Lam's Zhimchung at Phumethang awarded to M/s CC Construction. The excess payment had occurred due to difference in the quantities paid for and quantities actually executed at site. (AIN: 16290; OB No.:18; Accountabilities: Direct: Kintu, DE, EID No. 200801083; M/s CC Construction, CDB No. 7885; Supervisory: Kintu, DE, EID No. 200801083)

Status: Observation still not settled. Reminder letter served vide letter No.RAA/BT/Fus-01/2021/503 dated 13/04/2021

5.3 PAYMENT MADE WITHOUT RECEIPT OF MATERIALS – NU. 0.078 MILLION

The Dzongkhag Administration, Zhemgang had made payment of Nu. 0.078 million for materials to be used for Construction of Bridge at Berti, which was undertaken departmentally. During the physical verification, it was observed that the Dzongkhag had not received the materials despite releasing the payment. (AIN: 16290; OB No.:17; Accountabilities: Direct: Kintu, DE, EID No. 200801083; Supervisory: Kintu, DE, EID No. 200801083)

Status: Observation still not settled. Reminder letter served vide letter No.RAA/BT/Fus-01/2021/503 dated 13/04/2021

5.4 OUTSTANDING ADVANCES – NU. 0.691 MILLION

The Dzongkhag Administration, Zhemgang had overdue outstanding advances of Nu. 0.691 million against four parties and an individual. All outstanding advances against four parties pertained to 2011, 2013 and 2014. (AIN: 16290; OB No.: 20; Accountabilities: Direct: Tilak Thara, Accountant, EID No. 201007232; Tshering Nidup, Accounts Assistant, EID No. 201007231; Tashi Choden, Thrummed, EID No. 12008003800; Tshering Nidup, Accounts Assistant, EID No. 201007231; Supervisory: Jigme Dorji, Finance Officer, EID No. 20130101147; Til Bahadur Ghalley, Accounts Officer, EID No. 200701133; Tshering Choden, Accounts Officer; EID No. 20160106474)

Status: Observation still not settled. The Administration had not responded as of date.

3.3. GEWOGS ADMINISTRATIONS

3.3.1. GEWOGS ADMINISTRATION UNDER BUMTHANG DZONGKHAG

I. CHHOEKHOR

The unresolved irregularities reported to the Parliament in October 2021 had remained unsettled as on 31 March 2022 as discussed below.

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 September 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
4	Non-compliance to laws and rules	0.318	-	0.318	
	Total:	0.318	-	0.318	-

The details of unsettled irregularities as on 31 March 2022 are as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 0.318 MILLION

The cases of non-compliance to laws and rules involving Nu. 0.318 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 September 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
4.1	Shortage of HDPE pipes	0.318	-	0.318
	Total:	0.318	-	0.318

4.1. SHORTAGE OF HDPE PIPES – NU. 0.318 MILLION

The Gewog Administration, Chhoekhor had shortages of HDPE Pipes valuing Nu. 0.318 million purchased for Rural Water Supply Scheme. There were differences in the stock balance as per the stock register and ground balance. *(AIN: 16253; OB No.: 7; Accountabilities: Direct: Pema Doengyel, Gup, CID No. 10101004727; Supervisory: Pema Doengyel, Gup, CID No. 10101004727)*

***Status:** Observation still not settled. Reminder letter served vide letter No.RAA/BT/Fus-01/2021/451 dated 23/03/2021*

3.3.2. GEWOGS ADMINISTRATION UNDER CHHUKHA DZONGKHAG

I. BONGO

The unresolved irregularities reported to the Parliament in October 2021 had remained unsettled as on 31 March 2022 as discussed below.

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 September 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	0.644	-	0.644	
	Total:	0.644	-	0.644	-

The details of unsettled irregularities as on 31 March 2022 are as discussed below:

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.644 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.644 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 September 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
5.1	Excess Payment to contractor	0.567	-	0.567
5.2	Non-deposit of Rural Taxes	0.077	-	0.077
	Total:	0.644	-	0.644

5.1 EXCESS PAYMENT TO CONTRACTOR – NU. 0.567 MILLION

The Gewog Administration, Bongo had made excess payment of Nu. 0.567 million on account of supply of boulders in the re-construction of Gedu Eukha Lhakhang. The excess payment had occurred due to release of payments for 678m³ as against the actual supply of 81m³ of boulders. (AIN: 16057; OB No.:1.2; Accountabilities: Direct: Dewas Biswa, JE, EID 20140103469; Tshering Nidup, Gup, CID No: 10203002306; Supervisory: Tshering Nidup, Gup, CID No: 10203002306)

Status: Observation still not settled.

The Gewog Adminsitration have not yet furnish the appropriate justification for payment without receiving materials in RAA. Status report issued vide RAA/OAAG-Pling/Bon-Gw-A4/2021/953 Date: 07.09.2021

5.2 NON-DEPOSIT OF RURAL TAXES – NU. 0.077 MILLION

The Gewog Administration, Bongo had not deposited rural tax amounting to Nu. 0.077 million pertaining to year 2017 into the Gewog CD Account. The tax amount had been misused by the Gewog Gaydrung. (AIN: 16057; OB No.:2; Accountabilities: Direct: Khandu Tshering, Gaydrung, CID No: 10203005376; Supervisory: TsheringNidup, Gup, CID No: 10203002306)

Status: Observation still not settled. The amount of Nu. 0.077 million along with 24% is recoverable. .Status report issued vide RAA/OAAG-Pling/Bon-Gw-A4/2021/953 Date: 07.09.2021

II. DARLA

The unresolved irregularities reported to the Parliament in October 2021 had remained unsettled as on 31 March 2022 as discussed below.

Cat Code	Observation Category	Irregularities reported to the Parliament in 30 September 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
4	Non-compliance of Laws and Rules	-	-		Unsettled
5	Shortfalls, lapses and deficiencies	10.234	-	10.234	
	Total:	10.234	-	10.234	

The details of unsettled irregularities as on 31 March 2022 are as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES

The case of non-compliance to laws and rules is as indicated below:

4.1 ACCEPTANCE OF SUBSTANDARD WORK

The Gewog Administration, Darla had accepted substandard works for the construction of water supply at Kezari, Nimgang, upper and lower Darla at the total cost of Nu. 19.783 million carried out by M/s Bhutan Alliance Pvt. Ltd. The sub-standard works were noted in (i) HDPE pipes and GI pipes supported with small wooden poles in gullies; (ii) GI pipes laid along road shoulders and drain exposed to damage by vehicles and pedestrians, (iii) FCR tanks were not fenced, (iv) trenching for tanks were not covered with earth as required and (v) GI Pipes were not properly joined with GI Joints. (AIN: 16085; OB No.:1.5; Accountabilities: Direct: Rupa Gurung, Engineer, EID No. 200307013; M/s Bhutan Alliance Pvt. Ltd., CDB No. 4271; Mil Kumar Monggar, Gup, CID No. 10205005231; Supervisory: Mil Kumar Monggar, Gup, CID No.: 10205005231)

Status: Observation still not settled. The rectification report is await in RAA. There is no response from the management as of date.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 10.234 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 10.234 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 September 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
5.2	Wastage in construction of water supply	10.040		10.040
5.3	Wasteful expenditure due to inadequate planning	0.194		0.194
	Total:	10.234		10.234

5.2 WASTAGE IN CONSTRUCTION OF WATER SUPPLY – NU. 10.040 MILLION

The water supply at Kezari, Nimgang, Upper and Lower Darla was constructed at a cost of Nu. 10.040 million. However, the Gewog Administration had failed to provide proper filtration system and protection to catchment areas at the source which caused frequent blockages and water supply could be used by the community. This has resulted in wastage of resources. (AIN: 16085; OB No.: 1.3; Accountabilities: Direct: Rupa Gurung, Engineer, EID No. 200307013; Mil Kumar Monggar, Gup, CID No.: 10205005231; Supervisory: Mil Kumar Monggar, Gup, CID No.: 10205005231)

Status: Observation still not settled. The rectification report dully endorsed and signed by the water user group is awaited in RAA.

5.3 WASTEFUL EXPENDITURE DUE TO INADEQUATE PLANNING – NU. 0.194 MILLION

The Gewog Administration, Darla had abandoned about 800m of drinking water pipeline at site costing Nu. 0.194 million at the old water source due to source drying up, which is indicative of

inadequate assessment of water sources at the time of planning. As a result, water pipes were in forest unutilized. (AIN: 16085; OB No.:1.4; Accountabilities: Direct: Rupa Gurung, Engineer, EID 200307013; M/s Bhutan Alliance Pvt Ltd., CDB No. 4271; Supervisory: Mil Kumar Monggar, Gup, CID No. 10205005231)

Status: Observation still not settled. The final report on the utilization of the water source duly endorsed by the water user group and endorsement from tender committee and Gewog Administration is awaited in audit.

3.3.3. GEWOGS ADMINISTRATION UNDER DAGANA DZONGKHAG

IV. KARMALING

The unsettled irregularities of Nu.0.159 reported to the Parliament in October 2021 had remained unsettled as on 31 March 2022 as shown in the table below.

Cat. Code	Category Description	Irregularities reported to the Parliament in Oct 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 30/03/2022 (Nu.M)	% Resolved
1	Fraud and Corruption	-			Unsettled
5	Shortfalls, lapses and deficiencies	0.159	-	0.159	
	Total:	0.159	-	0.159	-

The details of unsettled irregularities as on 31 March 2022 are as discussed below:

1. FRAUD AND CORRUPTION

The case of fraud and corruption were noted as indicated below:

1.1 EMBEZZLEMENT OF FUNDS THROUGH FORGERY AND TAMPERING OF BILLS.

The Accountant of Gewog Administration, Karmaling had embezzled funds amounting to Nu. 0.037 million by tampering of bills and forging signatures of competent authorities. It was also noted that some vouchers did not have complete documentation. Although full amount had been recovered, no appropriate actions had been taken by the Gewog Administration against the Accountant. (AIN: 15825; OB No.:1; Accountabilities: Direct: Singye Dorji, Accounts Asst. EID No. 20141204884; Supervisory: Gyan Bdr. Subba, Gup, CID No. 11304000136)

Status: Observation still not settled. An amount of Nu 38,834.76 was deposited vide receipt No. A00437 dated 16/9/2019, however, appropriate action not taken against the accountable person.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.159 MILLION

The case of shortfalls, lapses and deficiencies involving Nu. 0.159 million is as indicated below:

5.1 ACCEPTANCE OF EXPENDITURE WITHOUT SUPPORTING DOCUMENTS – NU. 0.263 MILLION

The Gewog Administration, Karmaling had disbursed Nu. 0.263 million on account of TA/DA without supporting documents such as office orders and travel authorization forms. (AIN: 15825; OB No.:2; Accountabilities: Direct: Singye Dorji, Accounts Asstt. EID No. 20141204884; Supervisory: Gyan Bdr. Subba, Gup, CID No. 11304000136)

Status: Partially settled. Out of Nu.263,328.00 .Amount of Nu. 1,03,687.18 vide receipt no. A00437 of 16/9/2019, leaving the balance of Nu.1,59,741.00 to be recovered

3.3.4. GEWOGS ADMINISTRATION UNDER LHUENTSE DZONGKHAG

I. MAENBI

The unsettled irregularities of Nu.0.199 reported to the Parliament in October 2021 was settled as on 31 March 2022 as shown in the table below.

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 September 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	0.199	0.199	-	100
	Total:	0.199	0.199	-	100.00

The details of unsettled irregularities as on 31 March 2022 are as discussed below:

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.199 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.199 million are as indicated below:

5.1 EXCESS PAYMENTS IN CONSTRUCTIONS – NU. 0.199 MILLION

- a) The Gewog Administration, Maenbi had made excess payment of Nu. 0.117 million to M/s Jigme Dorji Construction, Lhuentse in the construction of permanent structures for Takila to Rawabi Farm Road. The excess payment had occurred due to release of payments for 105m³ of earthwork excavation as against actual earthwork excavation of 52.50m³ at site and non-deduction of 15% void on supply/collection of boulders. (AIN: 16131; OB No.:1; Accountabilities: Direct: Sonam, Assistant Engineer, EID No. 200901079; M/s Jigme Dorji Construction, Lhuentse, CDB No. 1093; Supervisory: Tsheltrimla, Gup, CID No. 10605002720)

Status: Observation settled based on Nu.0.168 million deposited into ARA vide R/No.02148 dated 04/02/2022

- b) The Gewog Administration, Maenbi had made excess payment of Nu. 0.082 million to M/s Jigme Dorji Construction in the blacktopping of approach road to Tangmachu BHU. The lapses had occurred due to non-adherence to the detailed drawings and technical specifications at the time of certification of the contractor's claims. (AIN: 16131; OB No.:2; Accountabilities: Direct: Sonam, Assistant Engineer, EID No. 200901079; M/s Jigme Dorji Construction, CDB No. 1093; Supervisory: Tsheltrimla, Gup, CID No.: 10605002720)

Status: Observation settled based on Nu.0.168 million deposited into ARA vide R/No.02148 dated 04/02/2022

Status: Observation not resolved. Reminder letter served vide letter No.RAA/BT/Fus-01/2021/522 dated 16/04/2021

3.3.5. GEWOGS ADMINISTRATION UNDER MONGGAR DZONGKHAG

II. CHASKHAR

The unresolved irregularity reported to the Parliament in October 2021 had remained unsettled as on 31 March 2022 as shown in the table below.

Cat. Code	Category Description	Irregularities reported to the Parliament in July 2020 (Nu.M)	Amount resolved (Nu.M)	Balance as on 30/09/2021 (Nu.M)	% Resolved
4	Non-compliance to laws and rules	-			Unsettled
	Total:	-	-	-	

The details of unsettled irregularities as on 31 March 2022 are as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES

The case of non-compliance to laws and rules is as indicated below:

4.1 NON-SUBMISSION OF DETAILS ON PROCUREMENT OF HDPE PIPES TO DNP

The Gewog Administration, Chaskhar had procured HDPE pipes valuing Nu. 0.872 million during 2017-18. However, the Gewog Administration had failed to endorse the total quantities purchased to the Department of National Properties, MoF as required for processing rebate. (AIN: 16287; OB No.:2; Accountabilities: Direct: Pema Dorji, Gup CID No. 10703001090; Supervisory: Pema Dorji, Gup CID No. 10703001090)

Status: Observation still not settled. Reminder letter served vide letter No.RAA/BT/Fus-01/2021/544 dated 26/04/2021

VII. SHERMUHUNG

The irregularity reported to the Parliament in October 2021 without involving monetary amount had remained unsettled as on 31 March 2022 as shown in the table below.

Cat. Code	Category Description	Balance as on 30/09/2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 30/03/2022 (Nu.M)	% Resolved
4	Non-compliance to laws and rules	-			Unsettled
	Total:	-	-	-	

The details of unsettled irregularities as on 31 March 2022 are as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES

The case of non-compliance to laws and rules is as indicated below:

4.1 NON-SUBMISSION OF DETAILS ON PROCUREMENT OF HDPE PIPES TO DNP

The Gewog Administration, Shermuhung had procured HDPE pipes valuing Nu. 1.249 million during 2017-18. However, the Gewog Administration had failed to endorse the total quantities purchased to the Department of National Properties, Ministry of Finance as required for processing rebate. *(AIN: 16262; OB No.:1; Accountabilities: Direct: Kinley Wangchuk, Gewog Administrative Officer, EID 20170809760; Supervisory: Ugyen, Gup, CID No. 10712000257)*

Status: *Observation still not settled. Reminder letter served vide letter No.RAA/BT/Fus-01/2021/544 dated 26/04/2021 by RAA but there is no further response as on 31/03/2022*

VIII. SILAMBI

The unsettled irregularities of Nu.1.783 reported to the Parliament in October 2021 had remained unsettled as on 31 March 2022 as shown in the table below

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 September 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
4	Non-compliance to laws and rules	0.576	-	0.576	
5	Shortfalls, lapses and deficiencies	1.207	-	1.207	
	Total:	1.783	-	1.783	-

The details of unsettled irregularities as on 31 March 2022 are as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 0.576 MILLION

The case of non-compliance to laws and rules involving Nu. 0.576 million is as indicated below:

4.1 NON-LEVY OF LIQUIDATED DAMAGES – NU. 0.576 MILLION

The Gewog Administration, Silambi had not levied liquidated damages amounting to Nu. 0.576 million for delay of 261 days in completion of construction of Gyelgong Farm Road. The work

was awarded to M/s Doenay Khorlo Construction, Zhemgang at the tendered amount of Nu. 5.900 million in June 2016 and completed only on 1 April 2018 after substantial delay. (AIN: 16263; OB No.:1; Accountabilities: Direct: Padam Bdr. Rai, Site Engineer, EID No. 20120100121; M/s Doenay Khorlo Construction, CBD No. 7825; Supervisory: Dorji Wangchuk, Gup, CID No. 10713001850)

Status: Observation still not settled. Reminder letter served vide letter No.RAA/BT/Fus-01/2021/537 dated 26/04/2021.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 1.207 MILLION

The case of shortfalls, lapses and deficiencies involving Nu. 1.207 million is as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 September 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
5.1	Payment for Works not executed	0.767	-	0.767
5.2	Double payment of hiring charges	0.440	-	0.440
	Total:	1.207	-	1.207

5.1 PAYMENT FOR WORKS NOT EXECUTED – NU. 0.767 MILLION

The Gewog Administration, Silambi had paid Nu. 0.767 million to M/s Doenay Khorlo Construction, Zhemgang for works not executed in the construction of Gyelgong Farm Road. The work was awarded at tendered amount of Nu. 5.900 million in June 2016 and was stated to have been completed on 1 April 2018. However, the V-shaped earthen drains were found not executed during the physical verification of site carried out on 23 May 2018 along with Dzongkhag and Gewog Officials. (AIN: 16263; OB No.: 1.2; Accountabilities: Direct: Padam Bdr. Rai, Site Engineer, EID No. 20120100121; M/s Doenay Khorlo Construction, CBD No. 7825; Supervisory: Dorji Wangchuk, Gup, CID No. 10713001850)

Status: Observation still not settled. Reminder letter served vide letter No.RAA/BT/Fus-01/2021/537 dated 26/04/2021 but no replies as on 30th August,2021

5.2. DOUBLE PAYMENT OF HIRING CHARGES – NU. 0.440 MILLION

The Gewog Administration, Silambi had made double payments of Nu. 0.440 million for hiring of excavator in the maintenance of Nagor Farm Road for the months of August and September 2017. It was noted that double payments were made on 20 September 2017 and 24 January 2018. (AIN: 16263; OB No.: 2; Accountabilities: Direct: Padam Bdr. Rai, Site Engineer, EID No. 20120100121; M/s Ngawang Hiring, License No. 6009217; Supervisory: Dorji Wangchuk, Gup, CID No. 10713001850)

Status: Observation still not settled. Response awaited.

X. TSAKALING

The unsettled irregularities of Nu.0.258 reported to the Parliament in October 2021 had remained unsettled as on 31 March 2022 as shown in the table below

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 September 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	0.258	-	0.258	
	Total:	0.258	-	0.258	-

The details of unsettled irregularities as on 31 March 2022 are as discussed below:

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.258 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.258 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 September 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
5.1	Excess Payment in CRM works	0.101	-	0.101
5.2	Non-recovery of positive difference	0.157	-	0.157
	Total:	0.258	-	0.258

5.1 EXCESS PAYMENT IN CRM WORKS – NU. 0.101 MILLION

The Gewog Administration, Tsakaling had made excess payment of Nu. 0.101 million to M/s Wangdi Shermung Construction in the construction of meeting hall at Tsakaling Gewog Centre. The excess payments had occurred due to non-deduction of RCC works from CRM in superstructure works. (AIN: 16265; OB No.:1.1; Accountabilities: Direct: Tshewang Rinzin, Site Engineer, EID No. 9301052; M/s Wangdi Shermung Construction, CBD No. 4233; Supervisory: Karma Sonam Wangchuk, Gup, CID No. 10716002494)

Status: Observation still not settled. Response awaited.

5.2 NON-RECOVERY OF THE POSITIVE DIFFERENCE - NU. 0.157 MILLION

The Gewog Administration, Tsakaling had failed to recover the positive difference of Nu. 0.157 million between the lowest and second evaluated bidder upon withdrawal by the first lowest evaluated bidder with a bid value of Nu. 2.232 million in the construction of Gewog meeting hall. Subsequently, the work was awarded to the second lowest evaluated bidder M/s Wangdi Shermung Construction, Monggar at the bid price of Nu. 2.389 million. (AIN: 16265; OB No.:2; Accountabilities: Direct: Tshewang Rinzin, Site Engineer, EID No.9301052; M/s Wangdi Shermung Construction, CBD No. 4233; Supervisory: Karma Sonam Wangchuk, Gup, CID No. 10716002494)

Status: Observation still not settled. Response awaited.

3.3.7. GEWOGS ADMINISTRATION UNDER THIMPHU DZONGKHAG

I. MAEDWANG

The unsettled irregularities of Nu.0.075 million reported to the Parliament in October 2021 was settled as on 31 March 2022 as shown in the table below

Cat. Code	Category Description	Irregularities reported to the Parliament in July 2020 (Nu.)	Amount resolved (Nu.)	Balance as on 30/09/2021 (Nu.)	% Resolved
4	Non-compliance to laws and rules	0.075	0.075	-	100
	Total:	0.075	0.075	-	100.00

The details of unsettled irregularities reported to the Parliament in October 2021; irregularities settled and unsettled balances as on 31 March 2022 are as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 0.075 MILLION

The case of non-compliance to laws and rules involving Nu. 0.075 million is as indicated below:

4.1 NON-SUBMISSION OF DETAILS ON PROCUREMENT OF HDPE PIPES - NU. 0.075 MILLION

The Gewog Administration, Mewang had procured HDPE pipes valuing Nu. 2.820 million during 2017-18. However, the Gewog Administration had failed to endorse the total quantities purchased to the Department of National Properties, MoF as required for processing rebate amounting to Nu. 0.075 million. *(AIN: 16099; OB No.:1; Accountabilities: Direct: Ran Bdr. Biswa, Engineer, EID No. 200407022; Supervisory: Chenchu Tenzin, Gup, CID No. 11407000658)*

Status: Observation settled based on the acknowledgement letter obtained from DNP, MoF for the non submission of details on procurement of HDPE pipes and produce to RAA.

3.3.8. GEWOGS ADMINISTRATION UNDER TRONGSA DZONGKHAG

I. KORPHU

The unsettled irregularities of Nu.0.381 reported to the Parliament in October 2021 had remained unsettled as on 31 March 2022 as shown in the table below

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 September 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	0.381	-	0.381	
	Total:	0.381	-	0.381	-

The details of unsettled irregularities as on 31 March 2022 are as discussed below:

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.381 MILLION

The case of shortfalls, lapses and deficiencies involving Nu. 0.381 million is as indicated below:

5.1 OUTSTANDING ADVANCES – NU. 0.381 MILLION

The Gewog Administration, Korphu had not adjusted advances of Nu. 0.381 million against parties and individuals as on 30 June 2018. All outstanding advances pertained to prior FYs. (AIN: 16479; OB No.:2; Accountabilities: Direct: Tshering Dendup, Accounts Assistant, EID No. 200307157; Supervisory: Sangay Khandu, Gup, CID No. 11702001343)

Status: Observation still not settled. Reminder letter served vide letter No.RAA/BT/Fus-01/2021/512 dated 15/04/2021 but no further response as on 30th August,2021

II. LANGTHIL

The unsettled irregularities of Nu.0.092 reported to the Parliament in October 2021 had remained unsettled as on 31 March 2022 as shown in the table below

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 September 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
5		0.092	-	0.092	
	Total:	0.092	-	0.092	-

The details of unsettled irregularities reported as on 31 March 2022 are as discussed below:

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.092 MILLION

The case of shortfalls, lapses and deficiencies involving Nu. 0.092 million is as indicated below:

5.1 EXCESS PAYMENT OF MACHINE HIRE CHARGES – NU. 0.092 MILLION

The Gewog Administration, Langthil had made excess payment of Nu. 0.092 million towards hiring charges of machinery in the restoration work of Ramedegang Farm Road. The excess payments had occurred due to payment for 320 hours as against actual engagement for 287 hours. (AIN: 16482; OB No.:3; Accountabilities: Direct: Sonam Tshering, AE, EID No. 20140103506; Supervisory: Sonam Dendup, Gup, CID No. 11703000276)

Status: Observation still not settled. Reminder letter served vide letter No.RAA/BT/Fus-01/2021/512 dated 15/04/2021 but no further response as on 31/03/2022

III. NUBI

The unsettled irregularities of Nu.1.435 reported to the Parliament in October 2021 had remained unsettled as on 31 March 2022 as shown in the table below.

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 September 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
4	Non-compliance to laws and rules	0.957	-	0.957	
5	Shortfalls, lapses and deficiencies	0.478	-	0.478	
	Total:	1.435	-	1.435	-

The details of unsettled irregularities as on 31 March 2022 are as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 0.957 MILLION

The case of non-compliance to laws and rules involving Nu. 0.957 million is as indicated below:

4.1 ACCEPTANCE OF SUBSTANDARD WORKS – NU. 0.957 MILLION

The Gewog Administration, Nubi had accepted substandard quality of RCC walls valuing Nu. 0.957 million in the construction of counterfort wall executed by M/s Kuenphen Redna Construction at Nubi Gewog at the cost of Nu. 1.766 million. (AIN: 16490; OB No.:4.1; Accountabilities: Direct: Choida, Dy. EE, EID No. 200307016; Ugyen Tenzin, Gup, CID No. 11704000066; Supervisory: Ugyen Tenzin, Gup, CID No. 11704000066)

Status: Observation still not settled.

Nubi Gewog submitted photographic evidence for the rectified work vide letter No. DAT/DE&HS/26/2021-2022/12 dated 09/07/21. However, RAA couldnot determine the quality of the Counterfort wall at Bemjee through photographs, so it was decided to involve experts to inspect and give final opinion during Dzongkhag Audit.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.478 MILLION

The case of shortfalls, lapses and deficiencies involving Nu. 0.478 million is as indicated below:

5.1 OUTSTANDING ADVANCES – NU. 0.478 MILLION

The Gewog Administration, Nubi had not adjusted advances of Nu. 0.478 million against two parties and two individuals as on 30 June 2018. Major portion of the outstanding advances pertained to years prior to FY 2016-17. (AIN: 16490; OB No.:5; Accountabilities: Direct: Yonten Namgay, Accounts Assistant, EID No. 200907007; Supervisory: Ugyen Tenzin, Gup, CID No. 11704000066)

Status: Observation still not settled. Reminder letter served vide letter No.RAA/BT/Fus-01/2021/512 dated 15/04/2021 but no further response as on 31/03/2022

IV. TANGSIBJI

The unsettled irregularities of Nu.0.078 reported to the Parliament in October 2021 had remained unsettled as on 31 March 2022 as shown in the table below:

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 September 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	0.078	-	0.078	
	Total:	0.078	-	0.078	-

The details of unsettled irregularities as on 31 March 2022 are as discussed below:

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.078 MILLION

The case of shortfalls, lapses and deficiencies involving Nu. 0.078 million is as indicated below:

5.1 OUTSTANDING ADVANCES – NU. 0.078 MILLION

The Gewog Administration, Tangsibji had not adjusted advance of Nu. 0.078 million lying against M/s Tshering Choden Construction as on 30 June 2018. (AIN: 16481; OB No.:5; Accountabilities: Direct: Kinzang Tenzin, EID No. 201001716; Supervisory: Gyembo Dorji, Gup, CID No. 11705002197)

Status: Observation still not settled. Reminder letter served letter No.RAA/Bt/Fus-01/2021/515 dated 15/04/2021 but no further response as on 31/03/2022.

3.3.9. GEWOGS ADMINISTRATION UNDER ZHEMGANG DZONGKHAG

I. BARDO

During the year, the RAA had issued one audit report of the Gewog Administration, Bardo. There were four observations amounting to Nu. 2.871 million of which Nu. 2.547 million were resolved as of 31 January 2020 and Nu. 0.048 million did not qualify for inclusion in the AAR.

The unsettled irregularities of Nu.0.276 million reported to the Parliament in October 2021 had remained unsettled as on 31 March 2022 as shown in the table below:

Cat. Code	Category Description	Irregularities reported to the Parliament in July 2020 (Nu.M)	Amount resolved (Nu.M)	Balance as on 30/09/2021 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	0.276	-	0.276	
	Total	0.276	-	0.276	-

The details of unsettled irregularities reported as on 30 Sept. 2021 are as discussed below:

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.276 MILLION

The case of shortfalls, lapses and deficiencies involving Nu. 0.276 million is as indicated below:

5.1 OUTSTANDING ADVANCES – NU. 0.276 MILLION

The Gewog Administration, Bardo had not adjusted advances of Nu. 0.276 million lying against local leader and an employee as on 30 June 2018. (AIN: 16227; OB No.:4; Accountabilities: Direct: Sonam Dorji, Gaydrung, CID No: 11301001243; Supervisory: Jurmey, Gup, CID No: 12001004072)

Status: Observation still not resolved. Reminder letter served vide letter No.RAA/BT/Fus-01/2021/117 dated 12/10/2020 but no further response as on 31/03/2022

II. GOSHING

The unsettled irregularities of Nu.0.177 reported to the Parliament in October 2021 had remained unsettled as on 31 March 2022 as shown in the table below:

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 September 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
4	Non-compliance to laws and rules	0.177	-	0.177	
	Total:	0.177	-	0.177	-

The details of unsettled irregularities as on 31 March 2022 are as discussed below:

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

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

4.1 PAYMENT WITHOUT RECEIVING GOODS – NU. 0.177 MILLION

The Gewog Administration, Goshing had made payment of Nu. 0.177 million without receiving 2,800m of various sizes of HDPE pipes from M/s Muktsen Construction, Phuentsholing for Rural Water Supply Scheme at Lechibe. (AIN: 16229; OB No.:1; Accountabilities: Direct: Pema Samdrup, Mangmi, CID No. 12003001794; M/s Muktsen Construction, Phuentsholing, License No. 2007617; Supervisory: Sherab Gyeltshen, GAO, EID No. 20085009)

Status: Observation still not settled. Reminder letter served vide letter No.RAA/BT/Fus-01/2021/117 dated 12/10/2020 by RAA but no further response as on 31/03/2022

III. NANGKOR

The unsettled irregularities of Nu.7.496 reported to the Parliament in October 2021 had remained unsettled as on 31 March 2022 as shown in the table below:

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 September 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
4	Non-compliance to laws and rules	0.836	-	0.836	
5	Shortfalls, lapses and deficiencies	6.660	-	6.660	
	Total:	7.496	-	7.496	-

The details of unsettled irregularities as on 31 March 2022 are as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 0.836 MILLION

The cases of non-compliance to laws and rules involving Nu. 1.006 million are as indicated below:

4.1 NON-LEVY OF LIQUIDATED DAMAGES – NU. 0.836 MILLION

- a) The Gewog Administration, Nangkor had not levied liquidated damages amounting to Nu. 0.836 million to M/s Zangchong Kjz Pvt. Ltd., Zhemgang for 147 days of delay in completion of laying of GSB and construction of V-Shaped drain on Tali to Goling Farm Road. (AIN: 16277; OB No.: 1.1; Accountabilities: Direct: Kuenga, Site Engineer, EID No. 200807185; M/s Zangchong Kjz Pvt. Ltd., Zhemgang, CDB No.7644; Supervisory: Dorji Wangchuk, Gup, CID No. 12004004480)

Status: Observation still not settled. Case is pending at court, reminder letter served vide letter No.RAA/BT/Fus-01/2021/116 dated 12/10/2020 .

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 6.660 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 6.660 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 September 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
5.1	Excess payment	0.796	-	0.796
5.2	Non-deduction of rebate	4.125	-	4.125
5.3	Non-recovery of 20% penalty on incomplete works	1.739	-	1.739
	Total:	6.660	-	6.660

5.1 EXCESS PAYMENT – NU. 0.796 MILLION

The Gewog Administration, Nangkor had made excess payment of Nu. 0.796 million to M/s Zangchong Kjz Pvt. Ltd., Zhemgang for laying of GSB and construction of V-Shaped drain on Tali to Goling Farm Road. The excess payments had occurred due to difference in the value of work paid for and actual value of work done at site prior to termination of the contract. (AIN: 16277;

OB No.:1.2; Accountabilities: Direct: Kuenga, Site Engineer, EID No. 200807185; M/s Zangchong Kjz Pvt. Ltd., Zhemgang, CDB No. 7644; Supervisory: Dorji Wangchuk, Gup, CID No. 12004004480)

Status: Observation still not settled. Reminder letter served vide letter No.RAA/BT/Fus-01/2021/116 dated 12/10/2020.

5.2 NON-DEDUCTION OF REBATE – NU. 4.125 MILLION

The Gewog Administration, Nangkor had not deducted lumpsum rebate amounting to Nu. 4.125 million from the bills of M/s Zangchong Kjz Pvt. Ltd, Zhemgang in laying of GSB and construction of V-Shaped drain on Tali to Goling Farm Road. The work was awarded at the tendered amount of Nu. 16.356 million. (AIN: 16277; OB No.:1.3; Accountabilities: Direct: Kuenga, Site Engineer, EID No. 200807185; M/s Zangchong Kjz Pvt. Ltd., Zhemgang, CDB No. 7644; Supervisory: Dorji Wangchuk, Gup, CID No. 1200400448)

Status: Observation still not settled. Reminder letter served vide letter No.RAA/BT/Fus-01/2021/116 dated 12/10/2020

5.3 NON-RECOVERY OF 20% PENALTY ON VALUE OF INCOMPLETE WORKS – NU. 1.739 MILLION

The Gewog Administration, Nangkor had not imposed 20% penalty to M/s Zangchong Kjz Pvt. Ltd., Zhemgang on value of incomplete works amounting to Nu. 1.739 million upon termination of contract. The contractor had carried out the laying of GSB and construction of V-Shaped drain on Tali to Goling Farm Road. (AIN: 16277; OB No.:1.4; Accountabilities: Direct: Kuenga, Site Engineer, EID No. 200807185; M/s Zangchong Kjz Pvt. Ltd., Zhemgang, CDB No. 7644; Supervisory: Dorji Wangchuk, Gup, CID No. 12004004480)

Status: Observation still not settled. Reminder letter served vide letter No.RAA/BT/Fus-01/2021/116 dated 12/10/2020.

V. TRONG

The unsettled irregularities of Nu. 0.437million reported to the Parliament in October 2021 was settled as on 31 March 2022 as shown in the table below:

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 September 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	0.437	0.437	-	100
	Total:	0.437	0.437	-	100.00

The details of unsettled irregularities as on 30 Sept. 2021 are as discussed below:

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.437 MILLION

The case of Shortfalls, lapses and deficiencies involving Nu. 0.437 million is as indicated below:

5.1 PAYMENT FOR MATERIALS NOT RECEIVED – NU. 0.437 MILLION

The Gewog Administration, Trong had made payment of Nu. 0.437 million without receiving cement, stone aggregates, TMT rods and river sand for restoration of Paibang Farm Road. The materials were procured for construction of permanent works like causeways and RCC culverts. (AIN: 16226; OB No.:1.1; Accountabilities: Direct: Yeshi Rinzin, Site Engineer, EID No. 201101215; Supervisory: Wangay, Gup, CID No. 12008000830)

Status: Observation settled as per letter No.TG/ADMN-10/2021/189 dated 24/05/2021 that they have received the materials & completed the work based on the details/ completion report alongwith pictorial evidence submitted to RAA.

3.4. AUTONOMOUS AGENCIES

During the year, 14 Autonomous Agencies had unresolved irregularities amounting to Nu. 139.729 million as follows:

3.4.3. CONSTRUCTION DEVELOPMENT BOARD

The unsettled irregularities of Nu. 9.011 million reported to the Parliament in October 2021 had remained unsettled as on 31 March 2022 as summarized below:

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 September 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	9.011	-	9.011	
	Total:	9.011	-	9.011	-

The details of unsettled irregularities as on 31 March 2022 are as discussed below:

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 9.011 MILLION

The case of shortfall, lapses and deficiencies involving Nu. 9.011 million is as indicated below:

5.1. UNRECONCILED FIGURES BETWEEN RAMIS AND E-ZOTIN SYSTEMS - NU. 9.011 MILLION

The CDB's e-Zotin system and RAMIS had un-reconciled figures of Nu.9.011 million on account of revenue collections for the FYs 2016-17 and 2017-18. (AIN: 15971; OB No: 1; Accountabilities: Direct: Choney Wangmo, Accounts Assistant, EID No.: 200807247; Pema Wangmo, Accounts Assistant, EID No.: 200807025; Supervisory: Phub Rinzin, Director, EID No.: 9207069, Chengay, Offtg. Director, EID No.: 8908070)

Status: Observation still not settled. Follow-up status issued letter No. RAA/FUCD(W52-CDB)2021/524 dt.12.04 and No. RAA/FUCD(W52-CDB/2021/2440 dt.23.12.2021.

3.4.4. DRATSHANG LHENTSHOG

The unsettled irregularities of Nu. 18.397 million reported to the Parliament in October 2021 was settled as on 31 March 2022 as shown in the table below:

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 September 2021 (Nu.)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.)	% Resolved
5	Shortfalls, lapses and deficiencies	18.397	18.397	-	100
	Total:	18.397	18.397	-	100

The details of unsettled irregularities as on 31 March 2022 are as discussed below:

5. SHORTFALLS, LAPSES AND DEFICIENCIES - NU. 13.296 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 18.397 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 September 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
5.1	Outstanding Advances	13.602	13.602	-
5.2	Short recovery of Liquidated Damages	4.795	4.795	-
	Total:	18.397	18.397	-

5.1. OUTSTANDING ADVANCES - NU. 13.602 MILLION

- a) The Dratshang Lhentshog had not adjusted Public Works Advances of Nu.13.296 million from M/s Pelden Construction. The outstanding advances remained unadjusted even after payment of final bill on June 2018 to contractor due to excessive release of advances. (AIN: 15843; OB No: 1.1; Accountabilities: Direct: Rinzin Phurba, Principal Engineer, EID No.: 9507029, Ugyen Tshering, EID: 200901028; M/s Pelden Construction, Samdrup Jonkhar, CDB No. 2250; Supervisory: Karma Tshering Namgyal, Secretary, EID. No: 8302025)

Status: Observation settled under AIN-15843 as this PWA was captured in AIN 14751 under observation No. 1.5 as per the Response submitted vide letter No. DLS/Accounts-01/2021-22/3377 dated 14th Sept. 2021 thus created new Observ. No. as 1.5a.

- b) The Dratshang Lhentshog had not adjusted advances of Nu. 0.306 million from an official for construction of Drasha under Tsirang Rabdey. The departmentally executed construction of Drasha was incomplete even after two FYs 2016-17 and 2017-18. (AIN: 15958; OB No: 2; Accountabilities: Direct: Lhab Tshering, Drungchen, Tsirang Rabdey, CID No. 11812000802; Supervisory: Karma Tshering Namgyal, Secretary, EID. No: 8302025)

Status: Observation settled based on the decision of RAA's 8th Advisory Committee Meeting held on 31st August 2021

5.2. SHORT RECOVERY OF LIQUIDATED DAMAGES - NU. 4.795 MILLION

The Dratshang Lhentshog had short-recovered liquidated damages of Nu. 4.795 million from M/s Pelden Construction in the construction of *Losel Yangchenling Anim Zhirim Lobdra* at Yakpugang in Monggar. The construction was supposed to be completed by 24 August 2013, but was completed only on 28 December 2017 after a substantial delay of 4 years and 8 months. The applicable liquidated damages for the delays amounted to Nu. 6.518 million, but only Nu. 1.723 million was recovered leaving a balance of Nu. 4.795 million. (AIN: 15843; OB No: 1.2; Accountabilities: Direct: Rinzin Phurba, Principal Engineer, EID No.: 9507029, Ugyen Tshering, EID: 200901028; M/s Pelden Construction, Samdrup Jonkhar, CDB No. 2250; Supervisory: Karma Tshering Namgyal, Secretary, EID. No: 8302025)

Status: Observation settled, LD was deducted against 13th RA bill, document submitted vide response letter No. DLS/Accounts-01/2021-22/3377 dated 14th September, 2021 has been verified and considered as settled

3.4.5. JIGME DORJI WANGCHUCK NATIONAL REFERRAL HOPITAL

The unsettled irregularities of Nu.4.433 million reported to the Parliament in October 2021, the management had settled Nu.3.492 million leaving balance amount of Nu.0.941 million as on 31 March 2022 as summarized below.

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 September 2021 (Nu.)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.)	% Resolved
3	Mismanagement	3.492	3.492	0	100
5	Shortfalls, lapses and deficiencies	0.941	-	0.941	
	Total:	4.433	3.492	0.941	79

The details of settled and unsettled irregularities as on 31 March 2022 are as discussed below:

3. MISMANAGEMENT - NU. 3.492 MILLION

The case of mismanagement involving Nu. 3.492 million is as indicated below:

3.1. UNCLAIMED GST ON PROCUREMENT OF DRUGS - NU.3.492 MILLION

The JDWNRH had not claimed the Goods and Services Tax (GST) amounting to Nu. 3.492 million for procurement of Named Patient Drugs (NPD). A total expenditure of Nu. 30.000 million was incurred for the NPD for the FY 2017-18, which includes GST. (AIN: 16062; OB No: 1; Accountabilities: Direct: Thupten Tshering, EID No. 200901171; Supervisory: Thupten Tshering, EID No. 200901171)

Status: Observation settled.

Based on the response received vide letter no. JDWNRH/ACCTS-13/2021-2022/6503 dt.06.2.2021. The clarification provided by the DR, MoF regarding the ineligible for GST refund by JDWNRH in Kolkata is accepted.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.941 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 0.941 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 September 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
5.2	Excess payment due to improper verification	0.941	-	0.941
	Total:	0.941	-	0.941

5.2. EXCESS PAYMENT DUE TO IMPROPER VERIFICATION - NU.0.941 MILLION

The JDWNRH had made an excess payment amounting to Nu. 0.941 million to M/s Ugyen Tshendhen Construction Pvt. Ltd. for the Construction of Bio-Medical, Maintenance and Procurement Office Building. The excess payment had occurred due to wrong recording of measurement, non-deduction of openings and arithmetical error with resultant improper verification and certification of the contractor's bill. *(AIN: 16062; OB No: 6.1; Accountabilities: Direct: Chhimi Wangchuk, Engineer II, EID No. 20170107917; Supervisory: Dawa Tshering, Engineer, EID No. 20160106495)*

Status: *Observation still not settled. Follow-up status issued vide letter No. RAA/FUCD(W47)JDWNRH)2021/1361, dt.04.08.2021 and No. RAA/FUCD(W47-JDWNRH)2021/2439 dt.23/12/2021.*

3.4.6. JUDICIARY OF BHUTAN

The unsettled irregularities of Nu. 3.947 million reported to the Parliament in October 2021. Nu. 2.048 had settled leaving balance amount of Nu. 1.899 as on 31 March 2022 as shown in the table below.

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 September 2021 (Nu.)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.)	% Resolved
3	Mismanagement	0.065	-	0.065	-
5	Shortfalls, lapses and deficiencies	1.834	-	1.834	-
	Total:	1.899	-	1.899	-

The details of unsettled irregularities as on 31 March 2022 are as discussed below:

3. MISMANAGEMENT – NU. 0.065 MILLION

The case of mismanagement involving Nu.0.065 million is as indicated below:

3.1. NON-DEPOSITS OF REVENUE - NU. 0.065 MILLION

The Royal Court of Justice, Pemagatshel had not deposited revenue collections amounting to Nu. 0.065 million into Royal Government Revenue Account. The periodic reconciliation of collection and deposit in RAMIS was also not carried out indicating weak internal controls and inadequate monitoring. (AIN: 15972; OB No: 2; Accountabilities: Direct; Dhendup Tshering, Accountant, EID No: 200807257; Supervisory: Dasho Tharchean, Drangpon, EID No: 9502033)

Status: Observation still not settled, the management had not responded as of date. The RAA has issued follow up report vide letter No. RAA/OAAG(SJAR-04/PG-Court/2020/20 dated 07.07.2020.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 1.834 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 21.834 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 September 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
5.1	Missing of Vouchers and Supporting documents	1.834	-	1.834
	Total:	1.834	-	1.834

5.1. MISSING OF VOUCHERS AND SUPPORTING DOCUMENTS - NU.1.834 MILLION

The Royal Court of Justice, Pemagatshel had not produced vouchers and related supporting documents for Nu.1.834 million pertaining to FYs 2015-16, 2016-17 and 2017-18. The missing documents indicated lack of adequate supervision and failure to exercise due diligence while approving the payments. (AIN: 15972; OB No: 5; Accountabilities: Direct; Dhendup Tshering, Accountant, EID No: 200807257; Supervisory: Dasho Tharchean, Drangpon, EID No: 9502033)

Status: Observation still not settled, the management had not responded as of date. The RAA has issued follow up report vide letter No. RAA/OAAG(SJAR-04/PG-Court/2020/20 dated 07.07.2020.

3.4.7. NATIONAL ENVIRONMENT COMMISSION

The unsettled irregularities of Nu.0.145 million reported to the Parliament in October 2021 had remained unresolved as on 31 March 2022 as shown in the table below.

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 September 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	0.145	-	0.145	
	Total	0.145	-	0.145	-

The details of unsettled irregularities as on 31 March 2022 are as discussed below:

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

The case of shortfalls, lapses and deficiencies involving Nu. 0. 0.145 million is as indicated below:

5.1. OUTSTANDING ADVANCES - NU. 0.145 MILLION

The Secretariat, NEC had not adjusted advances amounting to Nu. 0.198 million against an official pertaining to FY 2017-18. The additional advances were paid to an official without adjusting the previous advances. (AIN: 15823; OB No: 2; Accountabilities: Direct; Passang, Driver, EID No: 200907026; Supervisory: Kesang Jamtsho, Sr. Human Resource Officer EID No: 200502008)

Status: Observation partially settled.

The amount of Nu.53,000.00 has been dropped based on the adjustment made from the TA/DA and deduction from the monthly salary vide letter No. NEC/AFD/Accts(EFLOW)2/20-21/633 dt.23/04.2021. The Follow-up report No. RAA/FUCD(W32-NEC)2021/2438 dt.23.12.2021 was issued for the balance amount of Nu.145,000.00..

3.4.9. OFFICE OF ATTORNEY GENERAL

The unsettled irregularities reported to the Parliament in October 2021 had remained unsettled as on 31 March 2022 as shown in the table below.

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 September 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
4	Non-compliance to laws and rules	-			Unsettled
	Total:	-	-	-	

Details of the unsettled irregularities as on 31 March 2022 are as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES

The case of non-compliance to laws and rules is as indicated below:

4.1. AUDIT CLEARANCE CERTIFICATES NOT OBTAINED

The officials of the OAG had availed short-term trainings without obtaining Audit Clearance Certificates as required by BCSR. The HR Section had failed to ensure compliance to requirements of the extant rules. (AIN: 16146; OB No: 3; Accountabilities: Direct; Deki Choden Dorji, Asstt. HRO, EID No. 20190113551; Supervisory: Dasho Shera Lhendup, AG, CID No. 10605001348)

Status: Observation still not settled. The Follow-up report has been issued vide letter No. RAA/FUCD(W34-OAG)2021/528 dt.12.04.2021 and RAA/FUCD(W34-OAG)2021/2445 dt.23/12/2021.

3.4.10. ROYAL UNIVERSITY OF BHUTAN

The unsettled irregularities of Nu.9.164 million reported to the Parliament in October 2021 had remained unsettled as on 31 March 2022 as shown in the table below.

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 September 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
4	Non-compliance to laws and rules	9.164	-	9.164	
5	Shortfalls, lapses and deficiencies				Unsettled
	Total:	9.164	-	9.164	-

The details of unsettled irregularities as on 31 March 2022 are as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 9.164 MILLION

The cases of non-compliance to laws and rules involving Nu. 9.164 million are as indicated below:

4.3. NON-LEVY OF LIQUIDATED DAMAGES - NU. 9.164 MILLION

The College of Natural Resources (CNR) had not levied liquidated damages amounting to Nu.9.164 million for delay of 389 days in the construction of Academic Buildings and its site development from M/s Raven Builders Pvt. Ltd. The contractor was already granted two time extensions aggregating to 169 days till 17 July 2018, but the works were incomplete at the time of audit in August 2019. (AIN: 16280; OB No: 1.1; Accountabilities: Direct: Yadav Dhungana, Site Supervising Engineer, EID No. RUB1502002, M/s Raven Builders Pvt. Ltd, CDB No. 2356; Supervisory: Dr. Phub Dorji, President, EID No. 9312018)

Status: Observation still not settled, no response received as of date

5. SHORTFALLS, LAPSES AND DEFICIENCIES

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

Sl. No.	Observation in Brief	Unsettled reported in 30 September 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
5.4	Delayed encashment of claims against Bank Guarantees			Unsettled
	Total:			

5.4. DELAYED ENCASHMENT OF CLAIMS AGAINST BANK GUARANTEES

The CNR could not encash the renewed Bank Guarantee amounting to Nu.13.700 million of M/s Raven Builders Pvt. Ltd., Gelephu in the construction of academic block and site development works. The Bank Guarantee was obtained against Performance Security of Nu.6.580 million and Mobilization Advance of Nu. 6.580 million from the Bhutan National Bank Limited, Wangdue Phodrang. (AIN: 16280; OB No: 1.3; Accountabilities: Direct: Yadav Dhungana, Site Supervising Engineer, EID No. RUB1502002; M/s Raven Builders Pvt. Ltd, CDB No. 2356; Supervisory: Dr. PhubDorji, President, EID No. 9312018)

Status: Observation still not settled, no response as of date.

3.4.11. GELEPHU THROMDE

The balance unsettled irregularities of Nu. 20.038 million reported to the Parliament in October 2021, Nu. 6.671 million was settled leaving a balance of Nu13.367 million as on 31 March 2022 as shown in the table below.

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 September 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
4	Non-compliance to laws and rules	7.723	6.671	1.052	86
5	Shortfalls, lapses and deficiencies	12.315	0	12.315	-
	Total:	20.038	6.671	13.367	33

The details of unsettled irregularities as on 31 March 2022 are as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES - NU. 1.052 MILLION

The cases of non-compliance to laws and rules are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 September 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
4.4	Less deposit of 10% retention money	1.955	1.955	Settled-
4.5	Non-accountal of fund received in Current Deposit Account	4.716	4.716	Settled
4.6	Payment without supporting documents	1.052	-	1.052
	Total:	7.723	6.671	1.052

4. 4. LESS DEPOSIT OF 10% RETENTION MONEY - NU.1.955 MILLION

The Gelephu Thromde had not deposited Nu.1.955 million for the FY 2016-17 on account of 10% retention money from contractors into the Refundable Deposit Account. The total retention money received was Nu.15.669 million against which only Nu.13.714 million was deposited.

(AIN: 16303; OB No: 2.4; Accountabilities: Direct: Jamyang Gyeltshen, Accounts Officer, EID No. 201201151; Supervisory: Pema, Former Executive Secretary, EID No. 9801096)

Status: Observation settled based on the follow up report No. RAA/OAAG(T)FUS-02/2021-2022/0425 dated 29 March 2022 issued by RAA.

4. 5. NON-ACCOUNTAL OF FUND RECEIVED IN CURRENT DEPOSIT ACCOUNT- NU.4.716 MILLION

The Gelephu Thromde had not accounted for Nu. 4.716 million received from other agencies in the Current Deposit Account. The lapses had occurred due to non-conduct of periodic reconciliation of budgetary release, non-revenue deposit and the refundable deposit accounts. (AIN: 16303; OB No: 2.9; Accountabilities: Direct: Jamyang Gyeltshen, Accounts Officer, EID No. 201201151; Supervisory: Pema, Former Executive Secretary, EID No. 9801096)

Status: Observation settled based on the follow up report No. RAA/OAAG(T)FUS-02/2021-2022/0425 dated 29 March 2022 issued by RAA.

4. 6. PAYMENT WITHOUT SUPPORTING DOCUMENTS - NU.1.052 MILLION

The Gelephu Thromde had failed to produce supporting documents for expenditures amounting to Nu.1.052 million towards DSA and retirement benefits. (AIN: 16303; OB No: 4; Accountabilities: Direct: Jamyang Gyeltshen, Accounts Officer, EID No. 201201151; Supervisory: Pema, Former Executive Secretary, EID No. 9801096)

Status: Observation still not settled. Accountable person is yet to submit the ATR, the Thromde sent reminders several time to settle the observation.

5. SHORTFALLS, LAPSES AND DEFICIENCIES - NU. 12.315 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 12.315 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 September 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
5.1	Irregular booking of TA/DA without bills.	0.300	-	0.300
5.2	Non-deduction of 10 % discount offered by the Supplier.	0.057	-	0.057
5.9	Outstanding Advances	11.958		11.958
	Total:	12.315	-	12.315

5.1. PAYMENT OF TA/DA BILLS WITHOUT SUPPORTING DOCUMENTS - NU.0.300 MILLION

The Gelephu Thromde had made payments amounting to Nu. 0.300 million to officials as TA/DA without supporting documents for the FY 2016-17. Further, the Thromde had not maintained travel register, which was indicative of lack of internal controls and failure to exercise due diligence while approving payments. (AIN: 16303; OB No: 5; Accountabilities: Direct: Jamyang

Gyeltshen, Accounts Officer, EID No. 201201151; Supervisory: Pema, Former Executive Secretary, EID No. 9801096)

Status: Observation still not settled. Accountable person is yet to submit the ATR, the Thromde sent reminders several time to settle the observation.

5.2. NON-DEDUCTION OF 10% DISCOUNT - NU.0.057 MILLION

The Gelephu Thromde had not deducted Nu. 0.057 million on account of 10% discount offered by M/s TCD Trader on supply of CCTV items. The lapses had occurred mainly due to negligence on the part of the responsible officials while passing the bills. (AIN: 16303; OB No: 7; Accountabilities: Direct: Jamyang Gyeltshen, Accounts Officer, EID No. 201201151; Supervisory: Pema, Former Executive Secretary, EID No. 9801096)

Status: Observation still not settled. Accountable person is yet to submit the ATR, the Thromde sent reminders several time to settle the observation.

5.9. OUTSTANDING ADVANCES - NU. 11.958 MILLION

The Gelephu Thromde had not adjusted Public Work Advances amounting to Nu.11.958 million lying against parties, individuals and contractors for the FY 2017-18. Most of the advances pertained to mobilization and material advances and were not adjusted as on 30 June 2019. (AIN: 16359; OB No: 10; Accountabilities: Direct: Tshering Wangchuk, Accounts Assistant, EID No: 200207191; M/s Tsentop Construction Pvt. Ltd., CDB No. 4801; Supervisory: Paras Moktan, Dy. Chief Finance Officer, EID No. 9411005)

Status: Observation still not settled. Accountable person is yet to submit the ATR, the Thromde sent reminders several time to settle the observation.

3.4.12. PHUENTSHOLING THROMDE

The unsettled irregularities of Nu. 6.141 million reported to the Parliament in October 2021, Nu. 0.057 million was settled leaving a balance of Nu.6.084 million as on 31 March 2022 as shown in the table below.

Cat. Code	Category Description	Balance as on 30/09/2021(Nu.M)	Amount resolved (Nu.M)	Balance as on 30/09/2021 (Nu.M)	% Resolved
4	Non-compliance to laws and rules	4.595	-	4.595	-
5	Shortfalls, lapses and deficiencies	1.546	0.057	1.489	4
	Total:	6.141	0.057	6.084	0.93

The details of unsettled irregularities as on 31 March 2022 are as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES - NU. 4.595 MILLION

The cases of non-compliance to laws and rules involving Nu. 4.595 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 September 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
4.1	Non-recovery of 20% penalty for incomplete works and payment at higher rate	3.606	-	3.606
4.2	Inappropriate rate analysis	0.989	-	0.989
4.3	Audit Clearance Certificates not obtained	-	-	Settled
Total:		4.595	-	4.595

4.1. NON-RECOVERY OF 20% PENALTY FOR INCOMPLETE WORKS AND PAYMENT AT HIGHER RATE – NU. 3.606 MILLION

The Phuentsholing Thromde had not realized 20% penalty on the value of incomplete works amounting to Nu. 3.166 million from the contractor upon termination of contract in the construction of Urban Road (Base Course & Permanent works) at Pekarzhang. The contract was terminated due to failure of M/s K.W Construction Pvt. Ltd., Thimphu to re-submit Performance Security in accordance to the revised due date of completion from earlier 25 November 2017 to 25 January 2018.

Further, the contractor was paid Nu. 0.440 million in excess for preparation of sub grade due to payment at a rate higher than quoted rate. (AIN: 16337; OB No.: 7; Accountabilities: Direct: Wangchuk Thaye, Exe. Secretary, EID No.: 9407082; Uma Pradhan, Accounts Officer, EID No.: 201101060; Nima Wangmo, Env. Officer, EID No.: 20160106396; Govinda Sharma, Sr. Architect, EID No.: 201001102; Tshewang Jeipo, Chief Engineer, EID No.: 200601091; Lobzang, Principal Engineer, EID No.: 8403052); Supervisory: Wangchuk Thaye, Exe. Secretary, EID No.: 9407082; Uma Pradhan, Accounts Officer, EID No.: 201101060; Nima Wangmo, Env. Officer, EID No.: 20160106396; Govinda Sharma, Sr. Architect, EID No.: 201001102; Tshewang Jeipo, Chief Engineer, EID No.: 200601091; Lobzang, Principal Engineer, EID No.: 8403052)

Status: Observation still not settled. Amount of Nu.3.606 million along with 24% penalty is recoverable. As per follow up report no. RAA/OAAG-Pling/MoWHS-Thromde-D21/2020/528 date: 25.09.2020 issued by RAA.

4.2 INAPPROPRIATE RATE ANALYSIS – NU. 0.989 MILLION

The Phuentsholing Thromde had to change the BoQ specification of 'Providing & Laying Precast Stone Masonry blocks (1:5:8) in cement mortar 1:6 in foundation and plinth - 20cm thick (preferably factory made paver blocks)' to precast masonry blocks of 60mm thick in the Landscaping and Beautification Project, Phase II due to non-availability of Precast Stone Masonry blocks in the factory. The work was awarded to M/s Druksam Builders, Phuentsholing. However, Thromde had analyzed and accepted the rate of Nu. 885.48 per square meter for 60mm thick paver blocks for providing and laying precast masonry blocks of 20cm (200mm) thick which stand inappropriate. (AIN: 16337; OB No.: 12.1; Accountabilities: Direct: Migma Sherpa, Jr. Engineer, EID No. 200607017; Supervisory: Karma Thinley, E. Engineer, EID No.: 8403053; Lobzang, Principal Engineer, EID No.: 8403052)

Status: Observation still not settled. Amount of Nu.0.989 million along with 24% penalty is recoverable. As per follow up report no. RAA/OAAG-Pling/MoWHS-Thromde-D21/2020/528 date: 25.09.2020 issued by RAA.

4.3 EX-COUNTRY TRAININGS AVAILED WITHOUT OBTAINING AUDIT CLEARANCE

The official of Phuentsholing Thromde had availed short-term trainings without obtaining valid Audit Clearance Certificates as required by the BCSR. The HR Section had failed to ensure compliance to requirements of the extant rules. (AIN: 16193; OB No: 10; Accountabilities: Direct: Wangchuk Thaye, Former ES, EID No. 940708; Supervisory: Kuenzang Lhamo, Sr. HRO, EID No: 201001027)

Status: *Observation settled based on letter no. PT/HRS-30/2020-2021/3913 dated. 30/03/2021.*

5. SHORTFALLS, LAPSES AND DEFICIENCIES - NU. 1.489 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 1.489 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 September 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
5.1	Excess Payment	1.7046		1.046
5.3	Outstanding Advances	0.500	0.057	0.443
	Total:	1.546	0.057	1.489

5.1. EXCESS PAYMENT - NU. 1.046 MILLION

The cases of excess payments are as follows:

- a) The Phuentsholing Thromde had made excess payment of Nu. 0.084 million to M/s Jurmey Rabten Youngdrup Construction for steel works in Dismantling & Re-roofing of PMSS (Location II) near Rabten Workshop. The excess payment occurred due to difference in quantities claimed by the contractor and actual quantities executed at site for steel welding works. (AIN: 16193; Ob. No: 9; Accountabilities Direct: Budhi Man Darjee, AE (EID No.200807191), UgyenChoden, Technician, EID No.200301058, M/s JurmeyRabtenYoungdrup Construction, CDB Registration No. 7837; Supervisory: Lobzang, PE, EID No. 8403052)

Status: *Observation still not settled. RAA has not received the response/ ATR from Phuentsholing thromde.*

- e) The Phuentsholing Thromde had made excess payment of Nu. 0.751 million to M/s De-Keeling Builders Pvt. Ltd. in the construction of Access Road at Dhamdara. The excess payment occurred due to payment on works not executed, double payments and payment for more quantities of work than actually executed. (AIN: 16337; Ob. No: 4.1; Accountabilities Direct: Karma Tenzin, Asst. Engineer, EID 20140103523, M/s De-Keeling Builders Pvt. Ltd, CDB 2283; Supervisory: Lobzang, Principal Engineer, EID No. 8403052, Karma Thinley, E. Engineer, EID No. 8403053)

Status: *Observation still not settled. Amount of Nu.0.751 million along with 24% penalty is still recoverable.as per follow up letter no. RAA/OAAG-Pling/MoWHS-Thromde-D21/2020/528 date: 25.09.2020 issued by RAA.*

- h) The Phuentsholing Thromde had made excess payment of Nu. 0.211 million to M/s Druksam Builders in the Landscaping and Beautification Project Phase-II works. The excess payment had occurred due to differences in quantities claimed by the contractor and actual quantities executed at site besides payment at rate higher than the quoted rate for an item. (AIN: 16337; Ob. No: 12.2; Accountabilities Direct: Migma Sherpa, Jr. Engineer EID No. 200607017, M/s Druksam Builders, CDB. 3737; Supervisory: Karma Thinley, E. Engineer, EID No. 8403053, Lobzang, Principal Engineer, EID No. 8403052)

Status: Observation still not settled. Amount of Nu.0.211 million along with 24% penalty is still recoverable as per follow up letter no. RAA/OAAG-Pling/MoWHS-Thromde-D21/2020/528 date: 25.09.2020 issued by RAA.

5.3 OUTSTANDING ADVANCES – NU. 0.443 MILLION

The Phuentsholing Thromde had not adjusted Public Work Advances and Personal Advances amounting to Nu. 0.500 million against the officials pertaining to Financial Year 2017-2018. Nu.0.277 million pertains to Public Work Advances and Nu.0.224 million was for Personal Advances. (AIN: 16337; OB No: 14; Accountabilities: Direct: Krishna Chhetri, Accountant, EID No: 9709054; Supervisory: Uma Pradhan, Accounts Officer, EID No: 201101060)

Status: Observation still not settled.

From the Total amount of Nu.0.500 million, an amount of Nu.0.057 million is adjusted. However balance amount of Nu. 0.443 million along with 24% penalty is recoverable. Report issue date RAA/AR/OAAG-Pling/Thromde-CD/2019/832 date: 14.11.2019

3.4.14. THIMPHU THROMDE

The unsettled irregularities of Nu. 20.370 million reported to the Parliament in October 2021, Nu. 0.055 million was settled leaving a balance of Nu.20.315 million as on 31 March 2022 as shown in the table below.

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 September 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
1	Fraud Corruption	1.356	-	1.356	-
3	Mismanagement	8.132	-	8.132	-
4	Non-compliance to Laws and Rules	6.522	0.055	6.467	1
5	Shortfalls, Lapses and Deficiencies	4.360	-	4.360	-
Total:		20.370	0.055	20.315	0

The details of unsettled irregularities as on 31 March 2022 are as discussed below:

1. FRAUD AND CORRUPTION - NU. 1.356 MILLION

The cases with elements of fraud and corruption involving Nu.1.356 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 September 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
1.1	Overpayment to the contractor	0.099	-	0.099
1.2	Excess payment due to difference in quantities	1.257	-	1.257
	Total:	1.356	-	1.356

1.1. OVERPAYMENT TO CONTRACTOR - NU. 0.099 MILLION

The Thimphu Thromde had made overpayment to M/s Sonam Yangdak Construction in the construction of sewer network for YHS area amounting to Nu. 0.412 million for the works not executed at site. The overpayments were made on HDPE (Druk Pipes) and Manholes not executed in YHS area.

The lapses had occurred due to improper verification and certification of contractor's bills for payment and failure on the part of the Supervising Engineer to carry out necessary checks to ensure the admissibility of contractor's claims. (AIN: 15979; OB No: 1.1; Accountabilities: Direct: Ram Bdr. Rai, Asstt. Engineer EID No. 201001755; Sonam Yangdak Construction, CDB No.2775; Supervisory: Jigme Dorji, Chief Engineer, EID No. 200201095)

Status: Observation still not settled. Excess payment of Nu. 313,230.00 (170,505+142,725) has been deposited into ARA vide receipt no.03067 dated 29/06/2021. However, the balance of Nu.99,000.00 which pertained to the missing manholes is being investigated by the ACC and currently under review by the OAG.

Meanwhile, Thimphu thromde is yet to take appropriate actions against the responsible officials.

1.2. EXCESS PAYMENT DUE TO DIFFERENCE IN QUANTITIES - NU. 1.257 MILLION

- a) The Thimphu Thromde had made excess payment of Nu.0.438 million to M/s Chimi Phagma Construction in the Construction of Sewer Network for Upper Taba and Upper Langjophakha. The excess payment was due to difference in quantities claimed by the contractor and actual quantities executed at site. (AIN: 15979; OB No: 2.1; Accountabilities: Direct: Ram Bdr. Rai, Asstt. Engineer EID No. 201001755; Chimi Phagma Construction CDB License No.7301; Supervisory: Jigme Dorji, Chief Engineer, EID No. 200201095)

Status: Observation still not settled. The case of missing manholes was investigated by the ACC and currently under review by OAG.

- b) The Thimphu Thromde had made excess payment of Nu.0.504 million to M/s Chimi Phagma Construction in the Construction of Sewer Network for Motithang, Changangkha and adjoining areas. The excess payment was due to the differences in quantities claimed by the contractor and actual quantities executed at site. (AIN: 15979; OB No: 3.1; Accountabilities: Direct: Thinley Penjor, Engineer, EID No. 201001177; Chimi Phagma Construction, CDB No.7301; Supervisory: Jigme Dorji, Chief Engineer, EID No. 200201095)

Status: Observation still not settled. The case of missing manholes was investigated by the ACC and currently under review by OAG.

- c) The Thimphu Thromde had made excess payment of Nu.0.315 million to M/s Sonam Yangdak Construction in the Construction of Sewer Network for Motithang and Kawajangsa Area. The excess payment was due to the differences in quantities claimed by the contractor and actual quantities executed at site. (AIN: 15979; OB No: 4.1; Accountabilities: Direct: Ram Bdr. Rai, Asstt. Engineer EID No. 201001755; Sonam Yangdak Construction CDB No.2775; Supervisory: Jigme Dorji, Chief Engineer, EID No. 200201095)

Status: Observation still not settled. The case of missing manholes was investigated by the ACC and currently under review by OAG.

3. MISMANAGEMENT – NU. 8.132 MILLION

The cases of mismanagement involving Nu.8.132 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 September 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
3.1	Wasteful expenditure on design and construction of bridge	7.599	-	7.599
3.2	Wasteful expenditure on surveys and study	0.533	-	0.533
	Total:	8.132	-	8.132

3.1. WASTEFUL EXPENDITURE ON DESIGN AND CONSTRUCTION OF BRIDGE - NU. 7.599 MILLION

The Thimphu Thromde had incurred expenditure amounting to Nu. 7.599 million on the design and site development works for the construction of 30-meter permanent double lane RCC rigid frame bridge near Ministerial Enclave, Motithang. The Thromde had incurred expenditures of Nu. 2.025 million for procuring MIDAS software, Nu. 1.800 million for drawing and design fees, Nu. 1.300 million for site establishment and Nu. 2.474 million for equipment, materials and other associated costs.

The work was awarded to CDCL and later cancelled as per the directives of MoWHS. The lapses had occurred due to lack of proper planning, need assessment, coordination, consultative feedback and approval from the competent authority prior to design and award of the work. (AIN: 15859; OB No: 7; Accountabilities: Direct: Ngawang Tashi, Dy. Executive Engineer, EID No: 201201105; Supervisory: Kinlay Dorjee, Thrompon, CID No. 1141000297)

Status: Observation still not settled. The Thimphu Thromde failed to provide appropriate justifications for cancellation of the awarded work after incurring huge expenditure and produce written directives from MoWHS.

3.2. WASTEFUL EXPENDITURE ON SURVEY AND STUDIES - NU. 0.533 MILLION

The Thimphu Thromde had incurred expenditure amounting to Nu. 0.533 million on various survey and studies for the construction of the underpasses in Thimthrom. The work was awarded to CDCL and later stopped on verbal instruction from the Cabinet. The lapses had occurred due to lack of proper planning, need assessment, coordination, consultative feedback and approval from the competent authority prior to design and award of the work. (AIN: 15859;

Status: Observation still not settled. Thimphu thromde failed to produce the official letter in order to validate the verbal order of the Cabinet for stopping the work.

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 6.521 MILLION

The cases of non-compliance to laws and rules involving Nu. 6.521 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 September 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
4.1	Non-levy of Liquidated Damages	-		Unsettled
4.2	Non-Deployment of Independent Engineer for Monitoring	-	-	Settled
4.3	Ad-hoc procurement without proper feasibility studies	-		Unsettled
4.5	Non-levy of liquidated damages	1.150	-	1.150
4.6	Sub-standard and incomplete footpath works	-		Unsettled
4.7	Non-renewal of Bank Guarantee	1.150	-	1.150
4.8	Non-termination of the Contract	-		Unsettled
4.9	Non-collection of differential security amount	3.255	-	3.255
4.12	Construction of chambers other than specified	0.055	0.054	0.024
4.13	Non-levy of liquidated damages	0.253	-	0.253
4.14	Non-levy of penalty for non-deployment of key personnel	0.689	-	0.689
Total:		6.522	0.054	6.521

4.1. NON-LEVY OF LIQUIDATED DAMAGES

The Thimphu Thromde had not levied applicable liquidated damages to M/s KCR Pvt. Ltd. for delays in the construction of Multi-Level Car Parks (MLCP) 1 and 2 in Thimthrom. The actual completion date of the work as per Concession Agreement was November 2017 and July 2017 respectively. The Thromde had neither enforced provisions of the contract on liquidated damages nor terminated the works despite delay of more than 180 days at the time of audit in March 2018. (AIN: 15859; OB No: 2.1; Accountabilities: Direct: Ugyen Lhamo, Assistant Engineer, EID No: 9901114; KCR Construction Pvt. Ltd, Trade License No: 1032132; Supervisory: Kinlay Dorjee, Thrompon, CID No: 1141000297)

Status: Observation still not settled. While the penalties for delays in the construction of MLCP-1 & 2 have been waived off by the Lhyengye Zhungtshog vide letter no.C-3/66/2020/623 dated 8 July 2020 as per the Ministry of Finance letter no. MoF/FS-35/2020-2021/1887 dated 7 August 2020, the increase in cost of construction due to change in design has not been endorsed by the Project Steering Committee of the Ministry of Finance. Further, the extension of concession period of 10 years is yet to be approved by the Lhyengye Zhungtshog.

4.2. NON-DEPLOYMENT OF INDEPENDENT ENGINEER FOR MONITORING

The Thimphu Thromde had not deployed independent engineers for performance monitoring in MLCP construction as per the concession agreement. The failure in deploying independent engineers was a breach of the Concession Agreement which had adversely affected the progress of the project with resultant significant delays in completion of works. (AIN: 15859; OB No: 2.2; Accountabilities: Direct: Ugyen Lhamo, Assistant Engineer, EID No: 9901114; KCR Construction Pvt. Ltd, Trade License No: 1032132; Supervisory: Kinlay Dorjee, Thrompon, CID No: 1141000297)

Status: *Observation Settled based on the deployment of an independent engineer.*

4.3. AD-HOC PROCUREMENT WITHOUT PROPER FEASIBILITY STUDIES

The Thimphu Thromde had incurred expenditure of Nu.13.896 million on the ad-hoc procurement of two road sweeping machines. As there was no approved budget for the procurement, the payment was met from Thromde Reserve Fund and World Bank Project. The Thromde had also not carried out proper feasibility studies in terms of effectiveness of sweeping machines with due consideration of road conditions in and around Thimphu Thromde. A four-member inspection team from Thimphu Thromde had visited factory premises prior to delivery of machines but had failed to submit report on efficiency and functionality of machines. This was indicative of non-inspection of road sweeping machine despite having incurred huge travel expenses of Nu. 0.263 million. (AIN: 15859; OB No: 3.1 and 3.2; Accountabilities: Direct: Kinlay Dorjee, Thrompon, CID No. 1141000297; Supervisory: Kinlay Dorjee, Thrompon, CID No: 1141000297)

Status: *3.1 Observation still not settled. Thimphu thromde is yet to fix the problems of two road sweeping machies and furnish the detailed report on the economy, effeciency and effectiveness of the machines. Observation no. 3.2 Settled based on verificatiton of the functionality test report*

4.5. NON-LEVY OF LIQUIDATED DAMAGES - NU. 1.150 MILLION

The Thimphu Thromde had not levied liquidated damages amounting to Nu.1.150 million to M/s Goodwill Construction Pvt. Ltd. for delay/non-completion in the construction of footpath, drains and RRM walls. The actual completion date of work was 25 July 2016 but later granted a time extension of 45 days and scheduled the completion date at 08 September 2016. (AIN: 15859; OB No: 6.5; Accountabilities: Direct: Dhendup Lhamo, Site Engineer, EID No: 20140103289; M/s Goodwill Construction Pvt. Ltd, CDB No: 1547; Supervisory: Dhendup Lhamo, Site Engineer, EID No: 20140103289)

Status: *Observation still not settled. Thimphu thromde is yet to recover and deposit the liquidated damages of Nu. 1,150,009.79 into the Audit Recoveries Account.*

4.6. SUB-STANDARD AND INCOMPLETE FOOTPATH WORKS

The M/s Goodwill Construction Pvt. Ltd. had not laid 60mm thick hydraulic pressured interlocking block on the footpath as required by BoQ in the construction of footpath, drains and RRM walls. The contractor had left work unattended and Thimphu Thromde had failed to take appropriate actions which had resulted in the sub-standard quality in portions of works completed and non-completion of contract.

Further, the footpath had portions with worn out PCC works, stretches filled with soil, damaged edging works and portions buried under bushes. (AIN: 15859; OB No: 6.6; Accountabilities: Direct: Dhendup Lhamo, Site Engineer, EID No: 20140103289; M/s Goodwill Construction Pvt. Ltd, CDB No: 1547; Supervisory: Dhendup Lhamo, Site Engineer, EID No: 20140103289)

Status: Observation still not settled. Thimphu thromde has not taken necessary action on the contractor to rectify the poorly executed PCC works along the Footpaths and furnished the rectification report to the RAA.

4.7. NON-RENEWAL OF BANK GUARANTEE - NU. 1.150 MILLION

The Thimphu Thromde had not ensured renewal of Bank Guarantee against Performance Security amounting to Nu.1.150 million for the construction of drains, footpaths and RRM walls in and around Thimphu Thromde awarded to M/s Goodwill Construction Pvt. Ltd., Thimphu. The Bank Guarantee expired on 22 July 2016 and was not renewed by the contractor. (AIN: 15859; OB No: 6.7; Accountabilities: Direct: Dhendup Lhamo, Site Engineer, EID No: 20140103289; M/s Goodwill Construction Pvt. Ltd, CDB No: 1547; Supervisory: Dhendup Lhamo, Site Engineer, EID No: 20140103289)

Status: Observation still not settled. Thimphu thromde has not taken appropriate legal action against the contractor as recommended in the audit report.

4.8. NON-TERMINATION OF CONTRACT

The Thimphu Thromde had neither terminated the contract as per contract agreement nor taken any other action against M/s Goodwill Construction Pvt. Ltd. for non-completion of work and abandonment in the construction of drains, footpaths and RRM walls. The Contractor had availed time extension of 45 days and then stopped works from 15 March 2017. (AIN: 15859; OB No: 6.8; Accountabilities: Direct: Dhendup Lhamo, Site Engineer, EID No: 20140103289; M/s Goodwill Construction Pvt. Ltd, CDB No: 1547; Supervisory: Dhendup Lhamo, Site Engineer, EID No: 20140103289)

Status: Observation still not settled. Thimphu thromde failed to take appropriate actions as per the laws of the land and recover all the outstanding amounts from the contractor including the 20% of incomplete works as agreed during the audit exit meeting.

4.9. NON-COLLECTION OF DIFFERENTIAL SECURITY AMOUNT - NU. 3.255 MILLION

The Thimphu Thromde had neither rejected the abnormally low bid nor collected additional differential security amount of Nu.3.255 million from the Lowest Evaluated Bidder, M/s Goodwill Construction Pvt. Ltd. in the Construction of Drains, Footpaths and RRM Walls.

M/s Goodwill Construction's bid was 22.06% below Thromde's estimates. Accepting abnormally low bid had resulted in poor quality of works, delays in completion and subsequent abandonment of works. (AIN: 15859; OB No: 6.9; Accountabilities: Direct: Dhendup Lhamo, Site Engineer, EID No: 20140103289; M/s Goodwill Construction Pvt. Ltd, CDB No: 1547; Supervisory: Dhendup Lhamo, Site Engineer, EID No: 20140103289)

Status: Observation still not settled. RAA accepted the cautionary note served to the responsible officials and assurance for adherence to the PRR, however the action taken against the contractor has not been furnished to the RAA since the contractor had left the works incomplete.

4.12. CONSTRUCTION OF CHAMBERS OTHER THAN SPECIFIED – NU 0.024 MILLION

The Thimphu Thromde had accepted 13 chambers sized 900x900 mm instead of the specified 1300x1300 mm as per BoQ in the construction of Sewer Network for YHS area which resulted in the excess payment of Nu. 0.055 million to M/s Sonam Yangdak Construction. (AIN: 15979;

OB No: 1.2; Accountabilities: Direct: Ram Bdr. Rai, Asstt. Engineer, EID No: 201001755; M/s Sonam Yangdak Construction, CDB No: 2775; Supervisory: Jigme Dorji, Chief Engineer, EID No: 200201095)

Status: Observation still not settled. The amount of Nu.54,600.00 has been deposited into ARA vide receipt no.03067 dated 29/06/2021. However, the balance of Nu.23,730.81 remained outstanding as of date. Meanwhile, Thimphu thromde is yet to take appropriate actions against the responsible officials.

4.13. NON-LEVY OF LIQUIDATED DAMAGES

The Thimphu Thromde had not levied applicable liquidated damages against M/s C.N Construction for delays in the construction and maintenance of roads, drains and footpath at Changangkha. The contractor had delayed the works by five months at the time of audit in January 2019 despite granting time extension of 78 days. (AIN: 15859; OB No: 6.1; Accountabilities: Direct: Dendup Lhamo, Dy. Executive Engineer, EID No: 20140103289; C.N Construction, CDB No: 3512; Supervisory: Karma Jamtsho, Chief Engineer, EID No: 200301032)

Status: Observation still not settled. Thimphu thromde is yet to recover and deposit the excess payment of Nu. 252,747.50 into the Audit Recoveries Account along with 24% penalty.

4.14. NON-LEVY OF PENALTY FOR NON-DEPLOYMENT OF KEY PERSONNEL - NU. 0.689 MILLION

The Thimphu Thromde had not levied applicable penalty of Nu.0.689 million against M/s C.N Construction for failing to deploy committed key personnel as required in the Construction and Maintenance of roads, drains and footpath at Changangkha. (AIN: 15859; OB No: 6.2; Accountabilities: Direct: Dendup Lhamo, Dy. Executive Engineer, EID No: 20140103289; C.N Construction, CDB No: 3512; Supervisory: Karma Jamtsho, Chief Engineer, EID No: 200301032)

Status: Observation still not settled. Thimphu thromde is yet to recover and deposit the excess payment of Nu.209,455.65 into the Audit Recoveries Account along with 24% penalty and take appropriate

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 4.360 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu.4.360 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 September 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
5.1	Damages to public roads and land by constructions	-	-	Unsettled
5.2	Overpayment in Construction	1.273	-	1.273
5.3	Non-recovery of Mobilization and Material Advances	1.179	-	1.179
5.4	Non recovery of excess payment	0.508	-	0.508
5.5	Outstanding Advances	0.191	-	0.191
5.6	Unjustified payment for hard rock cutting	0.893	-	0.893
5.8	Acceptance of Defective Work	-	-	Unsettled
5.9	Inadmissible payment	0.316	-	0.316
	Total:	4.360	-	4.360

5.1. DAMAGES TO PUBLIC ROADS AND LAND BY CONSTRUCTIONS

The Thimphu Thromde had not taken any action against private individuals and corporate offices for damages and destruction caused to government property by respective building construction works in Babesa Thimphu indicating inadequate monitoring and inspection of sites under development.

The construction of DGPC office had damaged 960.43 sq.m of government land and public road; constructions of four private buildings had damaged blacktopping and L-drains for road measuring 67 meters; and building construction belonging to Dratshang Lhentshog had damaged 18 meters of public roads. (AIN: 15859; OB No: 1; Accountabilities: Direct: Kinlay Dorjee, Thrompon, CID No:1141000297; Supervisory: Kinlay Dorjee, Thrompon, CID No. 1141000297)

Status: Observation still not settled. Thimphu thromde has not submitted further action taken report to the RAA as recommended in the last follow-up report issued in May 2021.

5.2. OVERPAYMENT IN CONSTRUCTION - NU. 1.273 MILLION

- a) The Thimphu Thromde had made overpayment of Nu. 0.253 million to M/s Goodwill Construction Pvt. Ltd. for construction of drains, footpaths and RRM walls in and around Thimphu Thromde due to application of wrong BoQ rate, improper verification and certification of contractor's bill for payment. (AIN: 15859; OB No: 6.1; Accountabilities: Direct: Dhendup Lhamo, Engineer, EID No: 20140103289; Goodwill Construction Pvt. Ltd, CDB No. 1547; Supervisory: Dhendup Lhamo, Engineer, EID No: 20140103289)

Status: Observation still not settled. Thimphu thromde is yet to recover and deposit the excess payment of Nu. 252,747.50 into the Audit Recoveries Account along with 24% penalty.

- b) The Thimphu Thromde had made overpayment of Nu. 0.209 million to M/s Goodwill Construction Pvt. Ltd. for construction of drains, footpaths and RRM walls in and around Thimphu Thromde due to wrong recording of measurement, improper verification and certification of contractor's bill for payment. (AIN: 15859; OB No: 6.2; Accountabilities: Direct: Dhendup Lhamo, Engineer, EID No: 20140103289; Goodwill Construction Pvt. Ltd, CDB No. 1547; Supervisory: Dhendup Lhamo, Engineer, EID No: 20140103289)

Status: Observation still not settled. Thimphu thromde is yet to recover and deposit the excess payment of Nu.209,455.65 into the Audit Recoveries Account along with 24% penalty and take appropriate administrative action against the responsible officials.

- c) The Thimphu Thromde had made overpayment of Nu. 0.535 million to M/s C.N Construction in the construction and maintenance of roads, drains and footpaths along Changangkha road. The over payment had occurred due to discrepancies in quantities passed as per Measurement Book and quantity physically measured at site, improper verification and certification of contractor's bill for payment. (AIN: 15979; OB No: 6.3; Accountabilities: Direct: Dhendup Lhamo, Engineer, EID No: 20140103289; M/s C.N Construction, CDB License No. 3512; Supervisory: Dhendup Lhamo, Engineer, EID No: 20140103289)

Status: Observation still not settled. The recovery of Nu.0.535m is stated to be recovered from the final bill, however a copy of final bill along with the verified MB has not be produced for RAA's verification.

- g) The Education Sector, Thimphu Thromde had made overpayment of Nu. 0.276 million to M/s Zeko Construction in the construction of an eight-unit class room with Academic Block at Dechencholing HSS due to application of wrong BoQ rate, improper verification and certification of contractor's bill for payment. (AIN: 16120; OB No: 4.3; Accountabilities: Direct: Tshering Dorji, Asstt. Engineer, EID No: 20140103519; M/s Zeko Construction, CDB No: 2265; Supervisory: Nagphel Dukpa, Offgt. Chief Engineer, EID No:8601090)

Status: Observation still not settled. Thimphu thromde is yet to recover and deposit the overpayment of Nu.275,784.20 into the Audit Recoveries Account along with 24% penalty.

5.3. NON-RECOVERY OF MOBILIZATION AND MATERIAL ADVANCES - NU. 1.179 MILLION

The Thimphu Thromde had failed to recover outstanding advances of Nu.1.179 million from M/s Goodwill Construction Pvt. Ltd. in the construction of drains, footpaths and RRM walls in and around Thimphu Thromde. Nu.1.150 million pertained to 10% Mobilization Advance and Nu.1.374 million pertained to Materials Advance.

The Contractor had completed only 46.71% of works even after the expiry of LD period and works remained unattended. The Thromde had not taken any action against contractor despite delay in completion of the works at the time of audit in August 2018. (AIN: 15859; OB No: 6.3; Accountabilities: Direct: Dhendup Lhamo, Engineer, EID No: 20140103289; M/s Goodwill Construction Pvt. Ltd, CDB No. 1547; Supervisory: Dhendup Lhamo, Engineer, EID No. 20140103289)

Status: Observation still not settled. Thimphu thromde is yet to recover and deposit the outstanding advance of Nu.1,179,240.00 into the Audit Recoveries Account along with 24% penalty and take appropriate administrative actions on the responsible officials.

5.4. NON-RECOVERY OF EXCESS PAYMENT - NU. 0.508 MILLION

The Thimphu Thromde had not recovered excess payment of Nu. 0.508 million from the 1st Running Account Bill of M/s Goodwill Construction Pvt. Ltd. in the Construction of drains, footpaths and RRM walls. The non-adjustment of the excess payment from the subsequent RA bills indicates laxity of the concerned officials while certifying the contractor's claims for payment. (AIN: 15859; OB No: 6.4; Accountabilities: Direct: Dhendup Lhamo, Engineer, EID No: 20140103289; M/s Goodwill Construction Pvt. Ltd, CDB No. 1547; Supervisory: Dhendup Lhamo, Engineer, EID No. 20140103289)

Status: Observation still not settled. Thimphu thromde is yet to recover and deposit the excess payment of Nu. 507,800.00 into the Audit Recoveries Account along with 24% penalty.

5.5. OUTSTANDING ADVANCES - NU. 0.191 MILLION

The Thimphu Thromde had not adjusted outstanding Public Work Advances amounting to Nu. 0.191 million against M/s Namdrol Construction and M/s Chimi Wangmo Construction pertaining to FY 2012-13 and FY 2016-17 respectively. (AIN: 15859; OB No: 25; Accountabilities: Direct: Tek nath, Dy. Executive Engineer, EID No: 201001178; Tashi Kencho, Dy. Executive Engineer, EID No: 200307026; M/s Namdrol Construction, CDB No: 3207; Supervisory: Tek nath, Dy. Executive Engineer, EID No: 201001178; Tashi Kencho, Dy. Executive Engineer, EID No.:200307026)

Status: Observation still not settled. While the recovery of Nu.50,633.00 from M/s Chimi Wangmo Construction has been made vide receipt no.429388 dated 02/12/2019, the recovery of Nu.191,000.00 along with 24% penalty from M/s Namdrol Construction is yet to be deposited into ARA.

5.6. UNJUSTIFIED PAYMENT FOR ROCK CUTTING WORKS - NU. 0.893 MILLION

- a) The Thimphu Thromde had made unjustified payment of Nu. 0.226 million for 'trenching works' and 'excavation of rock requiring chiseling' in the construction of Sewer Network for YHS area to M/s Sonam Yangdak Construction. The contractor was paid for 'excavation of rock requiring chiseling' but had actually carried out only 'cutting of bituminous paved road'. The Thromde failed to produce survey report and had also not maintained the 'Extracted Materials Account Register' for extracted boulders at site to authenticate claims. (AIN: 15979; OB No 1.3; Accountabilities: Direct: Ram Bdr. Rai, Asstt. Engineer, EID No: 201001755; M/s Sonam Yangdak Construction, CDB No: 2775; Supervisory: Jigme Dorji, Chief Engineer, EID No. 200201095)

Status: Observation still not settled. In the absence of further response and documents furnished, the observation remained unresolved.

- b) The Thimphu Thromde had made unjustified payment of Nu. 0.265 million for 'trenching works' and 'excavation of rock requiring chiseling' in the construction of Sewer Network at Upper Taba and Upper Langjophakha to M/s Chimi Phagma Construction. The contractor was paid for 'excavation of rock requiring chiseling' but had actually carried out only 'cutting of bituminous paved road'. The Thromde failed to produce survey report and had also not maintained the 'Extracted Materials Account Register' for extracted boulders at site to authenticate claims. (AIN: 15979; OB No: 2.2; Accountabilities: Direct: Ram Bdr. Rai, Asstt. Engineer, EID No: 201001755; M/s Chimi Phagma Construction, CDB No.7301; Supervisory: Jigme Dorji, Chief Engineer, EID No. 200201095)

Status: Observation still not settled. In the absence of further response and documents furnished, the observation remained unresolved

- c) The Thimphu Thromde had made unjustified payment of Nu. 0.287 million for 'trenching works' and 'excavation of rock requiring chiseling' in the construction of Sewer Network at Motithang, Changangkha and adjoining areas to M/s Chimi Phagma Construction. The contractor was paid for 'excavation of rock requiring chiseling' but had actually carried out only 'cutting of bituminous paved road'. The Thromde failed to produce survey report and had also not maintained the 'Extracted Materials Account Register' for extracted boulders at site to authenticate claims. (AIN: 15979; OB No: 3.2; Accountabilities: Direct: Thinley Penjor, Engineer, EID No. 201001177; M/s Chimi Phagma Construction, CDB No.7301; Supervisory: Jigme Dorji, Chief Engineer, EID No. 200201095)

Status: Observation still not settled. In the absence of further response and documents furnished, the observation remained unresolved.

- d) The Thimphu Thromde had made unjustified payment of Nu. 0.115 million for 'trenching works' and 'excavation of rock requiring chiseling' in the construction of Sewer Network at Motithang and Kawajangsa areas to M/s Sonam Yangdak Construction. The contractor was

paid for 'excavation of rock requiring chiseling' but had actually carried out only 'cutting of bituminous paved road'. The Thromde failed to produce survey report and had also not maintained the 'Extracted Materials Account Register' for extracted boulders at site to authenticate claims. (AIN: 15979; OB No: 4.2; Accountabilities: Direct: Ram Bdr. Rai, Asstt. Engineer, EID No: 201001755; M/s Sonam Yangdak Construction, CDB No: 2775; Supervisory: Jigme Dorji, Chief Engineer, EID No. 200201095)

Status: Observation still not settled. In the absence of further response and documents furnished, the observation remained unresolved.

5.8. ACCEPTANCE OF DEFECTIVE WORKS

The Education Sector, Thimphu Thromde had accepted defective works executed by M/s Zeko Construction in the construction of an eight-unit classroom with Academic Block at Dechencholing HSS constructed at a cost of Nu.12.636 million. Sub-standard works and major defects including cracks on several parts of the buildings were noted and toilets were also not usable due to leakages. (AIN: 16120; OB No: 4.1; Accountabilities: Direct: Tshering Dorji, Asstt. Engineer, EID No: 20140103519; M/s Zeko Construction, CDB No: 2265; Supervisory: Nagphel Dukpa, Offgt. Chief Engineer, EID No: 8601090)

Status: Observation still not settled. In the absence of action taken report from Thimphu thromde, the observation remained unresolved.

5.9. INADMISSIBLE PAYMENTS - NU. 0.316 MILLION

The Education Sector, Thimphu Thromde had made inadmissible payments of Nu.0.316 million to M/s Zeko Construction in the construction of eight-unit class rooms with Academic Block at Dechencholing HSS. The inadmissible payment had occurred due to double payment for filling works in the ground floor and 16mm dia TMT rod for footing and plinth beam and payments made for works unexecuted. (AIN: 16120; OB No: 4.2; Accountabilities: Direct: Tshering Dorji, Asstt. Engineer, EID No: 20140103519; M/s Zeko Construction, CDB No: 2265; Supervisory: Nagphel Dukpa, Offgt. Chief Engineer, EID No: 8601090)

Status: Observation still not settled. Thimphu thromde is yet to recover and deposit Nu.315,935.83 into the Audit Recoveries Account along with 24% penalty.

3.5. CORPORATIONS

During the year, 8 Corporations had unresolved irregularities amounting to Nu. 38.842 million as follows:

3.5.1. BHUTAN POSTAL CORPORATION LIMITED

The unsettled irregularities of Nu.18.037 million reported to the Parliament in October 2021, Nu. 2.806 million was settled leaving a balance of Nu.15.231 million as on 31 March 2022 as shown in the table below.

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 September 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
4	Non-compliance to laws and rules	8.803	2.806	5.997	32
5	Shortfalls, lapses and deficiencies	9.234	-	9.234	
	Total:	18.037	2.806	15.231	15.56

The details of unsettled irregularities as on 31 March 2022 are as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 5.996 MILLION

The cases of non-compliance to laws and rules involving Nu. 5.996 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 September 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
4.1	Non-renewal of Post Box Rentals	2.305	0.797	1.508
4.2	Un-reconciled difference in tickets issued and ticket sales	0.490	-	0.490
4.3	Wrong pay fixation resulting into excess payment	2.236	2.009	0.226
4.6	Non-levy of liquidated damages	3.241	-	3.241
4.7	Overpayment due to incorrect rate analysis	0.481	-	0.481
4.8	Inadmissible payment in electrical works	0.050	-	0.050
	Total:	8.803	2.806	5.996

4.1. NON-RENEWAL OF POST BOX RENTALS - NU. 1.508 MILLION

The Bhutan Post had lost revenue amounting to Nu. 2.305 million due to non-renewal of lease for Post Box facility by clients and penalties amounting to Nu. 12.049 million due from defaulters.

The management had neither followed up with clients, nor cancelled expired lease agreements. The Post Boxes were occupied despite non-payment of rent, and there were clients on waiting list who could not obtain a post box. (AIN: 16401; OB No: 3; Accountabilities: Direct: Thinley Wangchuk, Dy. Manager, CID No: 11504002442; Supervisory: Sonam Cheki, Manager, CID No: 11515000257)

Status: Observation still not settled. Out of Nu. 2,305,000.00 the Bhutan Post had recovered Nu.796,590 leaving of balance 1,508,410.00 as per letter . BP/IAU-03/2021/1322 dated 8.12.2021

4.2. UN-RECONCILED DIFFERENCE IN TICKETS ISSUED AND TICKET SALES NU. 0.490 MILLION

The Bhutan Post had un-reconciled differences amounting to Nu. 0.706 million in the tickets issued and sales of the tickets for City Bus services as on 31 July 2019. (AIN: 16401; OB No: 5;

Accountabilities: Direct: Norbu Wangdi, CID No: 11501001819; Supervisory: Sangay Dorji, CID No: 10811000831)

Status: *Observation still not settled. Out of Nu. 0.706 million, Nu 0.590 million reduced after reverification and Nu.0.100 was recovered leaving a balance of Nu.0.490 million*

4.3. EXCESS PAYMENT DUE TO WRONG PAY FIXATION - NU. 0.226 MILLION

The Bhutan Post had wrongly fixed pay of officials resulting in excess payment of Nu. 4.787 million. The pay fixed was not in line with MoF circular issued on 16 February 2016 and most employees were given one to two increments in addition to basic pay, while some were found paid less than their entitlements. *(AIN: 16401; OB No: 8; Accountabilities: Direct: Jigme Tenzin, Dy.G.M, CID No: 10712002191, EID No: 2011229; Norbu Zangmo, Dy.G.M, CID No: 1107000167; Pasang Tshering, Manager, CID No: 10811001709; Wangmo, Dy. Manager, CID No: 10101003892; Tashi Phuntsho, Senior Manager, CID No: 10604002394; Yeshey Peldon, Dy. Manager, CID No: 10104001649; Chencho Lhamo, Dy. Supervisor, CID No: 10804000119; Supervisory: Tshering Chhokie, Dy.G.M, CID No: 11410003735)*

Status: *Observation still not settled. Against the initial amount of Nu.4.787 million objected by RAA, the amount has been corrected/rectified to Nu.2.236 million as per letter No. BP/IAU-03/2021/1322 dated 8.12.2021. However, from the corrected figure, Nu.2.009 million has been adjusted in the system based on the above letter leaving a balance amount of nu. 0.226 million as of date*

4.6. NON-LEVY OF LIQUIDATED DAMAGES - NU. 3.241 MILLION

The Bhutan Post had not levied liquidated damages of Nu. 3.241 million on M/s Jamtsho Construction for delay in the construction of the G+4 building, Phuentsholing. The total delay for the construction was 94 days which had resulted in non-levy of liquidated damages of Nu. 3.24million (0.1%*94*34.474 million). The case is under arbitration. *(AIN: 16401; OB No: 13(iii); Accountabilities: Direct: Phuntsho Wangdi, Contract Engineer; Tashi Phuntsho, Sr. Manager, CID No: 10604002394; M/s Jamtsho Construction, CDB No: 2145; Supervisory: Karma Wangdi, C.E.O, CID No: 11503000020)*

Status: *Observation still not settled, as per letter no. bp IAU-03/2021/1322 dated 8.12.2021 , the case is in Larger Bench of High Court, the outcome of the Court awaited in RAA.*

4.7. OVER PAYMENT DUE TO INCORRECT RATE ANALYSIS - NU. 0.481 MILLION

The Bhutan Post had made excess payments of Nu. 0.481 million to the M/s Jamtsho Construction Pvt. Ltd. for the construction of G+4 residential building, Phuentsholing due to incorrect rate analysis, improper verification and certification of contractor's bill for payment. The case is under arbitration. *(AIN: 16401; OB No: 13(iv); Accountabilities: Direct: Phuntsho Wangdi, Contract Engineer; Tashi Phuntsho, Sr. Manager, CID No: 10604002394; M/s Jamtsho Construction, CDB No: 2145; Supervisory: Karma Wangdi, C.E.O, CID No: 11503000020)*

Status: *Observation still not settled, as per letter no. bp IAU-03/2021/1322 dated 8.12.2021 , the case is in Larger Bench of High Court, the outcome of the Court awaited in RAA.*

4.8. INADMISSIBLE PAYMENT IN ELECTRICAL WORKS - NU. 0.050 MILLION

The Bhutan Post had made inadmissible payment of Nu. 0.050 million as 5% contingencies on additional electrical works due to improper verification of final bill by Site Engineer and improper handing taking of contract documents by the management. The case is under arbitration. (AIN: 16401; OB No: 13(v); Accountabilities: Direct: Phuntsho Wangdi, Contract Engineer; Tashi Phuntsho, Sr. Manager, CID No: 10604002394; M/s Jamtsho Construction, CDB No: 2145; Supervisory: Karma Wangdi, C.E.O, CID No: 11503000020)

Status: Observation still not settled, as per letter no. bp IAU-03/2021/1322 dated 8.12.2021, the case is in Larger Bench of High Court, the outcome of the Court awaited in RAA.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 9.234 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 9.234 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 September 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
5.1	Excess Payment	1.200	-	1.200
5.2	Non-deduction of rebate	8.034	-	8.034
	Total:	9.234	-	9.234

5.1. EXCESS PAYMENT DUE TO OVER-WRITING - NU. 1.200 MILLION

- a) The Bhutan Post, Thimphu had made excess payment of Nu. 0.989 million to M/s Jamtsho Construction, Thimphu in the construction of G+4 residential building due to over-writing in the BoQ rates. (AIN: 16401; OB No: 13(i); Accountabilities: Direct: Phuntsho Wangdi, Contract Engineer; M/s Jamtsho Construction, CDB No: 2145; Supervisory: Karma Wangdi, C.E.O, CID No: 11503000020; Karma Choden, Dy. Manager, CID No: 11603004075; Tashi Phuntsho, Senior Manager, 10604002394; Kezang Norden Dekar, Manager, BDMD, CID No: 11107003114; Dechen Choden, Asst. Manager, CID No: 10102003036, Thinley Wangchuk, Dy. Manager, CID No: 11504002442)

Status: Observation still not settled, as per letter no. bp IAU-03/2021/1322 dated 8.12.2021, the case is in Larger Bench of High Court, the outcome of the Court awaited in RAA.

- b) The Bhutan Post, Thimphu had made excess payment of Nu. 0.077 million for electrical works to M/s Jamtsho Construction, Thimphu in the Construction of G+4 Residential Building, Phuentsholing. The excess payment had occurred due to making payment in BSR 2017 rates and without deducting overall quoted percentage, improper verification and certification of contractor's bill for payment. (AIN: 16401; OB No: 13(vi); Accountabilities: Direct: Phuntsho Wangdi, Contract Engineer; Tashi Phuntsho, Sr. Manager, CID No: 10604002394, M/s Jamtsho Construction, CDB No: 2145; Supervisory: Karma Wangdi, C.E.O, CID No: 11503000020)

Status: Observation still not settled, as per letter no. bp IAU-03/2021/1322 dated 8.12.2021 , the case is in Larger Bench of High Court, the outcome of the Court awaited in RAA.

- c) The Bhutan Post, Thimphu had made excess payment of Nu. 0.062 million to the M/s Jamtsho Construction, Thimphu for the Construction of G+4 Residential Building, Phuentsholing. The excess payment had occurred due to application of rates other than the quoted rates, improper verification and certification of the contractor's bill for payment. (AIN: 16401; OB No: 13(ix); Accountabilities: Direct: Phuntsho Wangdi, Contract Engineer; Tashi Phuntsho, Sr. Manager, CID No: 10604002394, M/s Jamtsho Construction, CDB No: 2145; Supervisory: Karma Wangdi, C.E.O, CID No: 11503000020)

Status: Observation still not settled, as per letter no. bp IAU-03/2021/1322 dated 8.12.2021 , the case is in Larger Bench of High Court, the outcome of the Court awaited in RAA.

- d) The Bhutan Post, Thimphu had made excess payment of Nu. 0.072 million for cement plaster works to the M/s Jamtsho Construction, Thimphu for the Construction of G+4 Residential Building, Phuentsholing. The excess payment had occurred due to items of works less-executed at site, improper verification and certification of contractor's bill for payment. (AIN: 16401; OB No: 13(x); Accountabilities: Direct: Phuntsho Wangdi, Contract Engineer; Tashi Phuntsho, Sr. Manager, CID No: 10604002394, M/s Jamtsho Construction, CDB No: 2145; Supervisory: Karma Wangdi, C.E.O, CID No: 11503000020)

Status: Observation still not settled, as per letter no. bp IAU-03/2021/1322 dated 8.12.2021 , the case is in Larger Bench of High Court, the outcome of the Court awaited in RAA.

5.2. NON-DEDUCTION OF REBATE - NU. 8.034 MILLION

The Bhutan Post had not deducted Nu. 8.034 million from M/s Jamtsho Construction on account of 28% rebate offered against the bid amount of Nu. 28.813 million in the construction of G+4 building, Phuentsholing. (AIN: 16401; OB No: 13(ii); Accountabilities: Direct: Phuntsho Wangdi, Contract Engineer; Tashi Phuntsho, Sr. Manager, CID No: 10604002394, M/s Jamtsho Construction, CDB No: 2145; Supervisory: Karma Wangdi, C.E.O, CID No: 11503000020)

Status: Observation still not settled, as per letter no. bp IAU-03/2021/1322 dated 8.12.2021 , the case is in Larger Bench of High Court, the outcome of the Court awaited in RAA.

3.5.4. DUNGSUM CEMENT CORPORATION LIMITED

The unsettled irregularities of Nu.0.164 million reported to the Parliament in October 2021 had remained unsettled on 31 March 2022 as shown in the table below.

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 September 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
4	Non-compliance to laws and rules	0.164		0.164	
	Total:	0.164		0.164	-

The details of unsettled irregularities as on 31 March 2022 are as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES - NU. 0.164 MILLION

The cases of non-compliance to laws and rules involving Nu. 0.165 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 September 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
4.1	Outstanding Advances	0.164	-	0.164
	Total:	0.164	-	0.164

4.1. OUTSTANDING ADVANCES - NU. 0.164 MILLION

The DCCL, Nganglam had not adjusted advances of Nu. 1.536 million against the eight parties/suppliers for supply of raw materials and spare parts as at 31 December 2018. The non-adjustment had occurred due to delay in delivery of the materials, spare parts and delay in declaration for which the advances were paid. (AIN: 16010; OB No: 3; Accountabilities: Direct: Tashi Tenzin, Asstt. Procurement Manager, EID/CID: 09934631/10205007554; Supervisory: Loday Zangpo, Procurement Manager, EID/CID: 9934632/ 11510002798)

Status: Observation still not settled, outstanding advance of Nu.164,651.32 had remained unsettled as of 31st March 2022.

3.5.5. FOOD CORPORATION OF BHUTAN LIMITED

The unsettled irregularities of Nu. 6.504 million reported to the Parliament in October 2021, Nu. 2.174 million was settled leaving a balance of Nu.4.330 million as on 31 March 2022 as shown in the table below.

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 September 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
2	Embezzlement	6.504	2.174	4.330	
	Total:	6.504	2.174	4.330	33.43

The details of unsettled irregularities as on 31 March 2022 are as discussed below:

2. EMBEZZLEMENT - NU. 6.504 MILLION

The case with element of embezzlement involving Nu. 6.504 million is as indicated below:

2.1. SHORTAGES OF STOCK - NU. 6.504 MILLION

The FCBL had overall shortages in food grains, agency items, physical cash and RNR items amounting to Nu. 6.504 million against various depots and farm shops due to non-reconciliation of the stocks. In addition, there were unreconciled differences between the Druk Inventory System and Enterprise Resource Planning (ERP) System for the year 2017. (AIN: 16093; OB No: 1; Accountabilities: Direct: Tashi Wangchuk, Ex-Depot Manager, Dagapela Depot, EID No. 909903; CID No. 10802000066; Kencho Dorji, Sales Assistant, Dagapela Depot, EID No. 919896; CID No. 11911000229; Phub Dem, Ex-Depot Manager, Paro, EID No. 919147; CID No. 10204000779; Bepak Subba, Ex-Farm Shop In-Charge, Chhumey, EID No. 920111; CID No. 11804000038; Jambay Nidup, Ex-Farm Shop In-Charge, Ura, EID No. 2017034; CID No. 12005003153; Karma Yonten, Ex-Farm Shop In-Charge, Lhamoizingkha, EID No. 2017022; CID No. 10711001312; Supervisory: Ugyen Choidup, Regional Manager, Gelephu, EID No 850126; CID No. 10607000759; Pelden Tashi, Regional Manager, Thimphu, EID No 919930; CID No. 11513000190)

Status: Observation not settled,

Dagapela Depot- From the Principal amount of Nu.4.397 million, an amount of Nu.0.32 million adjusted vide vide follow up report no.RAA/OAAG-Pling/FCBL-C34/25 datd.14/03/2022. However, balance amount of Nu. 4.077million is recoverable.

Paro Depot- from the principal amount of nu. 1.325 million, an amount of Nu. 1.209 million is adjstuted vide RAA/OAAG-Pling/FCBL-C34/2020/554 dated 30.10.2020 and follow up report no.RAA/OAAG-Pling/FCBL-C34/2021/955 dated.07/09/2021.Balance amount of Nu.0.116 million is recoverable.

Chumey Farmshop - from the principal amount of Nu.0.455 million is adjusted vide RAA/OAAG-Pling/FCBL-C34/2020/554 dated 30.10.2020 and RAA/OAAG-Pling/FCBL-C34/2021/955 dated.07/09/2021. Balance amount of Nu.0.137 million is reocverable.

Lhamoizingkha Farm Shop- Its settled as the amount of Nu. 0.191 million is adjusted vide letter no. RAA/OAAG-Pling/FCBL-C34/2020/554 dated 30.10.2020.

Thus, the amount of Nu. 2.174 million is adjusted and balance maount of Nu. 4.33 million is still recoverable.

3.5.6. KUENSEL CORPORATION LIMITED

The unsettled irregularities of Nu.0.196 million reported to the Parliament in October 2021 had remained unsettled as on 31 March 2022 as shown in the table below.

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 September 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
4	Non-compliance to laws and rules	0.196	-	0.196	
	Total:	0.196	-	0.196	-

The details of unsettled irregularities as on 31 March 2022 are as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 0.196 MILLION

The case of non-compliance to laws and rules involving Nu. 0.196 million is as indicated below:

4.1. PAYMENTS WITHOUT RECEIPT OF GOODS - NU. 0.196 MILLION

The KCL had made payment of Nu.0.196 million without receipt of goods. Although payments were made in 2007, the full supply of goods had not been received and applicable TDS was also not deducted. (AIN: 16322; OB No.3; Accountabilities: Direct: Phuntsho Norbu, Procurement Officer, EID No. 2008004; Supervisory: Thinley Namgyal, GM, EID No. 1994004)

***Status:** Observation still not settled, the management has not submitted the list of all items received from the supplier, further management should initiate action to supply items not received. Reminder letter issued vide letter no.RAA/FUCD/V43/Kuensel/2020/1986 dated 4.11.2020*

3.5.8. PENDEN CEMENT AUTHORITY LIMITED

The unsettled irregularities of Nu.3.528 million reported to the Parliament in October 2021 had remained unsettled as on 31 March 2022 as shown in the table below.

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 September 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
4	Non-compliance to laws and rules	3.528	-	3.528	
	Total:	3.528	-	3.528	-

The details of unsettled irregularities as on 31 March 2022 are as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 3.528 MILLION

The cases of non-compliance to laws and rules involving Nu. 3.528 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 September	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
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		2021 (Nu. in million)		
4.3	Short receipt and non-levy of penalty	1.951	-	1.951
4.4	Non-levy of liquidated damages	1.577	-	1.577
	Total:	3.528	-	3.528

4.3. SHORT RECEIPT AND NON-LEVY OF PENALTY - NU.1.951 MILLION

The PCAL, Gomtu had not received clinker valuing Nu.1.951 million from M/s Calcom Cement India Limited, Guwahati for which no penalty was levied as per the terms and conditions of contract documents. The lapse had occurred due to failure on the part of management to follow up. (AIN: 16177; OB No. 3; Accountabilities: Direct: Nar Bahadur Pradhan, Head, Production Department, CID No: 11213000944/PCAL ID No: 00162; Supervisory: Buddhi Raj Sharma, Director, CID No: 1180500615/PCAL ID No: 02003)

Status: Observation still not settled. Amount of Nu.1.951 million had remained unsettled from short supply from the supplier.

4.4. NON-LEVY OF LIQUIDATED DAMAGES - NU. 1.577 MILLION

The PCAL, Gomtu had not levied 10% liquidated damages of Nu. 1.577 million to M/s Omex Cranes Pvt. Ltd., Punjab for substantial delays in the 'Design, Supply, Installation, Testing and Commissioning of 10MT capacity of Electric Overhead Travelling (EOT) Crane' estimated at total cost of Nu. 15.775 million.

From the initial due date of 28 February 2018 for completion of design, fabrication, transportation to site and erection of EOT Crane, time extensions were granted till 30 September 2018, but there were no documents maintained to ascertain requirements of time extensions. In addition, the supplier had expressed reservations on the rail alignment, leveling and integrity of supporting structures indicating that proper study was not carried out prior to invitation of such tender.

Further, although the EOT Crane was delivered to PCAL on 14 January 2019, the crane had not been installed, tested and commissioned at the time of audit in June 2019. (AIN: 16177; OB No.:4; Accountabilities: Direct: Tshewang Dorji, Head, CMD, CID No: 10709002421/ PCAL ID No: 00202; Supervisory: Buddhi Raj Sharma, Director, CID No: 1180500615/PCAL ID No: 02003)

Status: Observation still not settled. Amount of Nu.1.577 million had remain unresolved. Follow up status report issued vide RAA/OAAG-Pling/FUC/PCAL-C39/2020/14 date: 10.12.2020

3.6. FINANCIAL INSTITUTIONS

During the year, five Financial Institutions had unresolved irregularities amounting to Nu. 294.488 million as follows:

3.6.1. BHUTAN DEVELOPMENT BANK LIMITED

The unsettled irregularities of Nu.0.570 reported to the Parliament in October 2021, Nu.0.570 was settled, however there is pending penalty amount and unsettled observation without monetary values as shown in the table below.

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 September 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
4	Non-compliance to laws and rules	-			Unsettled
5	Shortfalls, lapses and deficiencies	0.570	0.570	0.158	
	Total:	0.570	0.570	0.158	100.00

The details of unsettled irregularities as on 31 March 2022 are as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES

The cases of non-compliance to laws and rules are as indicated below:

SL. No.	Observation in Brief	Unsettled reported in 30 September 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
4.4	Violation of service rules	-		Unsettled
	Total:	-		

4.4. VIOLATION OF SERVICE RULES

The BDBL had not observed the six months training gap or cooling period while nominating and sending 10 employees for training as stated in the Human Resource Internal Service Rule 2013 during the period 2016 and 2017. (AIN: 15795; OB No.:19; Accountabilities: Direct: Phub Dorji, CEO, CID No. 11906001371; Ugyen Dhendup, Dy .CEO (Policy), CID No. 108020019557; Sonam Rigyel, Dy. CEO (Operation), CID No.11513002211; Tshering Dukpa, GM Administration, CID No. 11107001121; Nidup Tshering, GM Finance, CID No. 10605002331; Pema Wangdi, GM CPRD, CID No.11906001182; Karma Jigme, OGM Credit, CID No.11410003453; Pema Choden, OGM Banking, CID No. 10709002218; Sonam Letho, DGM HRM, CID No. 11401000972; Supervisory: Phub Dorji, CEO, CID No. 11906001371; Ugyen Dhendup, Dy .CEO (Policy), CID No. 108020019557; Sonam Rigyel, Dy. CEO (Operation), CID No.11513002211; Tshering Dukpa, GM Administration, CID No. 11107001121; Nidup Tshering, GM Finance, CID No. 10605002331; Pema Wangdi, GM CPRD, CID No.11906001182; Karma Jigme, OGM Credit, CID No.11410003453; Pema Choden, OGM Banking, CID No. 10709002218; Sonam Letho, DGM HRM, CID No. 11401000972)

Status: Observation still not settled. Response not received. Reminder letter served vide letter no.RAA/FUCD/BDBL /2020/1914 dated 23.10.2020

5. SHORTFALLS, LAPSES AND DEFICIENCIES

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

SL. No.	Observation in Brief	Unsettled reported in 30 September	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
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		2021 (Nu. in million)		
5.1	Inconsistency in application of insurance value	-		Unsettled
5.4	Excess payment made to contractor	0.570	0.570	0.158
	Total:	0.570	0.570	0.158

5.1. INCONSISTENCY IN APPLICATION OF INSURANCE VALUE

The BDBL had inconsistencies in application of insurance values for properties mortgaged with the bank for two clients. The property that was insured previously and the consequent insurance for the same property need to be less than the previous insurance. The property is subjected to depreciation therefore the insurance value become lower than the previous value. Further, insuring the vehicle less than the invoice price has expose the bank to a higher risk. *(AIN: 15795; OB No.:16; Accountabilities: Direct: Phub Dorji, CID No. 11410000199; Pem Tashi, CID No. 11705000923; Janga Bdr Rai, CID No.11307001401; Yonten, CID No. 11510002573; Yeshe K Tshering, CID No. 10811001382; Ugyen Tshewang, CID No. 11605002404; Tshering Dorji, CID No. 10601002053; Supervisory: Phub Dorji, CID No. 11410000199; Pem Tashi, CID No. 11705000923; Janga Bdr Rai, CID No.11307001401; Yonten, CID No. 11510002573; Yeshe K Tshering, CID No. 10811001382; Ugyen Tshewang, CID No. 11605002404; Tshering Dorji, CID No. 10601002053)*

Status: Observation still not settled. Response not received. Reminder sent vide RAA/FUCD/BDBL/2020/1468 dated 29.7.2020

5.4. EXCESS PAYMENT MADE TO CONTRACTOR

The BDBL had made excess payment of Nu.0.570 million to M/s Passang Construction Pvt. Ltd. for construction of G+3 storied offices-cum-residential building at Punakha due to inadequate supervision and improper verification of contractor's bills by concerned Site Engineer. *(AIN: 15795; OB No.:21; Accountabilities: Direct: Pema Tshering, MD; Sonam Riggyel, Dy. CEO Operation, CID No. 11513002211; Ugyen Dhendup, Dy. CEO Policy, CID No. 108020019557; Nidup Tshering, GM Finance, CID No. 10605002331; Tshering Drukpa, GM Administration, CID No. 11107001121; Kencho Lhaden, Asstt. Engineer, CID No.10704000049; Karma Tobgay, AGM, ADM/HRM, CID No. 12007000607; Tshewang Namgyel K, Engineer, CID No. 11603003341; Supervisory: Tshewang Namgyel K, Engineer, CID No. 11603003341)*

Status: Observation still not settled. Principal amount of Nu 569,831.05 deposited at BDBL account leaving the 24% penalty of Nu 158,116.41as of date

3.6.2. BHUTAN NATIONAL BANK LIMITED

The unsettled irregularities of Nu.227.054 million reported to the Parliament in October 2021, Nu. 86.044 million was settled leaving a balance of Nu. 141.050 million as on 31 March 2022 as shown in the table below.

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 September 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	227.054	86.044	141.010	37.90
	Total:	227.054	86.044	141.010	37.90

The details of unsettled irregularities The as on 31 March 2022 are as discussed below:

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 86.044 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 86.044 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 September 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
5.3	Outstanding Loans and Advances	227.054	141.010	86.044
	Total:	227.054	141.010	86.044

5.3. OUTSTANDING LOANS AND ADVANCES - NU. 86.044 MILLION

The Branch Office, BNBL, Gelephu had outstanding loans and advances amounting to Nu. 111.294 million against 68 clients and defaulted Overdraft loan amounting to Nu. 111.816 million against 28 clients. The loans have been due ranging from 91 days to 628 days. The credit monitoring and supervision unit had failed to rigorously follow-up with clients to expedite recovery and regularize loan accounts and OD accounts. (AIN: 16391; OB No.:1; Accountabilities: Direct: Tshewang Dorji, Recovery Officer, EID No. 1989090101; Supervisory: Pema Jamtsho, Branch Manager, EID No. 2004051723)

Status: Observation still not settled, amount of Nu. 137,065,646.50 has been settled leaving balance of Nu. 86,044,353.31, follow up report issued vide letter No. RAA/OAAG(T)/FUS-02/2020-2021/0464 dated 11/03/2021.

3.6.3. BANK OF BHUTAN LIMITED

The unsettled irregularities of Nu.3.921 million reported to the Parliament in October 2021 had remained unresolved as on 31 March 2022 as shown in the table below.

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 September 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	3.921	-	3.921	
	Total:	3.921	-	3.921	-

The details of unsettled irregularities as on 31 March 2022 are as discussed below:

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 3.921 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 3.921 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 September 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
5.1.	Overdue loans	3,921	-	3,921
	Total:	3,921	-	3,921

5.1. OVERDUE LOANS - NU.3.921 MILLION

The Branch Office, BoBL, Gelephu had outstanding loans and advances of Nu. 4.947 million against 17 clients accruing interest of Nu. 0.600 million. The loans were due ranging from 91 days to 1800 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: 16390; OB No.:1; Accountabilities: Direct: Rukmina Chhetri, Desk Officer, EID/CID No. 2427/11201002151; Supervisory: D.B. Chhetri, Manager, EID/CID No.1500/ 11109001635)

Status: Observation not settled. The amount of Nu.1,025,781.12 settled based on the supporting documents furnished vide letter No.RAA/48/42 of 23/3/2020 leaving a balance amount of Nu.3,921,636.25.

3.6.5. ROYAL INSURANCE CORPORATION OF BHUTAN LIMITED

The unresolved irregularities reported to the Parliament in Oct 2021 had remained unresolved as of 30 Sept. 2021 are as summarized below:

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 September 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
4	Non-compliance to laws and rules	-			Unsettled
	Total	-	-	-	

The details of unsettled irregularities as on 31 March 2022 are as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES

The cases of non-compliance to laws and rules are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 September	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
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		2021 (Nu. in million)		
4.1	Operation of CRCS beyond the work/supply order period	-		Unsettled
	Total:	-		

4.1. OPERATION OF CRCS BEYOND WORK/SUPPLY ORDER PERIOD

The RICBL had sanctioned the Contractor's Revolving Credit Scheme (CRCS) loan, an Overdraft credit facility, beyond the maximum period of 12 months or equivalent to the tenure of work/supply order whichever is less. Some of the loan accounts were neither appraised for renewal nor closed after the expiry of their term period. (AIN: 16376; OB No.: 3; Accountabilities: Direct: Namgay Lhendup, CID No: 11704000003; Sonam Dorji, CID No: 10711001789; Kinzang Dorji, CID No: 11805002787; Jambay Wangchuk, CID No: 11605001200; Tandin Wangchuk, CID No: 11803001742; Jigme Namgyel, CID No: 10716002056; Metho Seldon, CID No: 11410001835; Dechen Dema, CID No: 12008002292; Ugyen Lhamo, CID No: 10903001253; Phuntsho Choden, CID No: 10905002570; Pema Tshering, CID No: 11703003506; Jurme Chetsho, CID No: 10603000910; Supervisory: Kinzang Dorji, CID No: 11805002787)

Status: Observation still not settled, reminder letter served vide letter no.RAA/FUCD/RICBL/2021/304 dated 15.3.202. There is no response from the management.

5. SHORTFALLS, LAPSES AND DEFICIENCIES

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

Sl. No.	Observation in Brief	Unsettled reported in 30 September 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
5.2	Non-performing loans and Litigation	-		Unsettled
	Total:	-		

5.2. NON-PERFORMING LOANS AND LITIGATION CASES

The RICBL, Wangdue had 22 Non-Performing Loan accounts and four litigation cases. The RICBL, Wangdue in consultation with the Head Office should initiate ways to get the accounts regularized before it becomes bad debt and irrecoverable. (AIN: 16239; OB No.:2.1; Accountabilities: Direct: Chenga Lham, Supervisor, EID No. 114927; Supervisory: Nima Pelden, Manager, EID No. 114820)

Status: Observation still not settled as the management has not furnished to RAA the action taken report as of date as a result lapses action was not removed from the system.

3.7. NON-GOVERNMENTAL ORGANISATIONS

During the year, three Non-Governmental Organisations had unresolved irregularities amounting to Nu. 30.200 million as follows:

3.7.1. CONSTRUCTION ASSOCIATION OF BHUTAN

The unsettled irregularities of Nu. 16.656 million reported to the Parliament in October 2021, the Association had not settled any of the observations as on 31 March 2022 as shown in the table below.

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 September 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
3	Mismanagement	16.298	-	16.298	
5	Shortfalls, lapses and deficiencies	0.358		0.358	
	Total:	16.656	-	16.656	-

The details of unsettled irregularities as on 31 March 2022 are as discussed below:

3. MISMANAGEMENT – NU. 16.298 MILLION

The case of mismanagement involving Nu. 16.298 million is as indicated below:

3.1. OUTSTANDING MEMBERSHIP FEES - NU.16.298 MILLION

The CAB had outstanding membership fees amounting to Nu.16.298 million due from 180 contractors. (AIN: 16033; OB No.: 3; Accountabilities: Direct: Wangdi Gyeltshen, General Secretary, CID No: 11107000715; Supervisory: Wangdi Gyeltshen, General Secretary, CID No: 11107000715)

Status: Observation still not settled. No action was initiated to recover the outstanding advances till date. Reminder was sent vide letter no. RAA/FUCD(F13)/CAB/2021/607 dated 21/04/2021

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.358 MILLION

The case of shortfalls, lapses and deficiencies involving Nu. 0.358 million is as indicated below:

5.1. OUTSTANDING ADVANCES – NU. 0.358 MILLION

The CAB had not adjusted personal advances of Nu. 0.358 million against eight officials as at 31 May 2019. (AIN: 16033; OB No.:1; Accountabilities: Direct: Namgay Tshering, CID No: 11007000926; Papu Maya Yonjen, CID No: 11805003236; Sonam Rinzin, CID No: 11411002377; Pema Dorji, CID No: 11301001475; Supervisory: Wangdi Gyeltshen, General Secretary, CID No: 11107000715)

Status: Observation still not settled, no action was initiated to recover the outstanding advances till date. Reminder was sent vide letter no. RAA/FUCD(F13)/CAB/2021/607 dated 21/04/2021

3.7.3. LODEN FOUNDATION

The unsettled irregularities of Nu. 9.114 million reported to the Parliament in October 2021, Nu. 2.115 Million was settled leaving balance of Nu.13.384 Million as on 31 March 2022 as shown in the table below.

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 September 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	9.114		9.114	
	Total:	9.114		9.114	-

The details of unsettled irregularities as on 31 March 2022 are as discussed below:

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU.13.384 MILLION

The case of shortfalls, lapses and deficiencies involving Nu. 13.384 million is as indicated below:

5.1. OUTSTANDING LOANS - NU.9.114 MILLION

The Loden Foundation had outstanding loans amounting to Nu. 13.384 million against 38 individuals as of 31 December 2018. (AIN: 16406; OB No: 1.1; Accountabilities: Direct: Namgay Lhendup Wangchuk, Finance Officer, CID No: 10104000420; Supervisory: Phuntsho Namgay, Officiating Executive Director, CID No: 10101004145)

Status: Observation still not settled.

As intimated vide letter no. LF/Finance/2021/79 dated 17/05/2021, the Loden Foundation has recovered the loan amounting to Nu. 2,115,554.84. Against the total loan outstanding of Nu. 13,756,422.36 leaving the balance of Nu. 9,113,674.21 as of date.

4. JOINT AUDITS OF HYDROPOWER PROJECTS

4.2. PUNATSANGCHHU HYDRO-ELECTRIC PROJECT-I

The unsettled irregularities of Nu.123.470 million reported to the Parliament in October 2021 had remained unresolved as on 31 March 2022 as shown in the table below.

Cat. Code	Category Description	Irregularities reported to the Parliament in 30 September 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as on 31/03/2022 (Nu.M)	% Resolved
4	Non-compliance to laws and rules	20.710		20.710	-
5	Shortfalls, lapses and deficiencies	102.760		102.760	
	Total	123.470	-	123.470	-

The details of unsettled irregularities as on 31 March 2022 are as discussed below:

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 20.710 MILLION

The cases of non-compliance to laws and rules involving Nu. 20.710 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 September 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
4.1	Termination and re-award of construction works	20.710	-	20.710
	Total:	20.710	-	20.710

4.1. TERMINATION AND RE-AWARD OF CONSTRUCTION WORKS NU.20.710 MILLION

- a) The PHEP-I had terminated the contract for construction of Water Treatment Plant including its approach road in PHEP-I Colony near Dam Complex at Bjimthangkha due to the inability of the former contractor, M/s Dawa Construction to complete works despite grant of additional time up to five years. M/s Dawa Construction was awarded the contract in June 2012 with a completion period of nine months. The contract amount was valued at Nu. 32.97 million.

After termination, the work was re-awarded to M/s 2Q Engineering Works Pvt. Ltd. as per Clause 63 of GCC of the Agreement at the risk and cost of the former contractor. The works were re-awarded at a cost of Nu. 18.06 million in September 2017 and the works were completed at a cost of Nu. 13.73 million. The risk and cost to be recovered from M/s Dawa Construction was estimated at Nu. 4.530 million by the PHEP-I. The amount had not been recovered till date of audit in 2019. (AIN: 16397; OB No.: 1; Accountabilities: Direct: Dorji Choda, AE (Infra.) CID No: 10714001389 Pemba Dukpa, SE (Infra.) CID No: 10505000387; Supervisory: N.C Bansal, MD WPN: 919060021312105; Karma Tshewang, JMD CID No: 10601002108; R.P Sharma, DT WPN:191906277588184)

Status: Observation still not settled. As per the letter vide No. ARDC/LD/02/2020/507 dated 27/4/2020, the case is currently under review of ARDC.

- b) The PHEP-I had incurred a loss amounting to Nu. 16.18 million (Nu. 14.53 million + Nu. 1.65 million) in its attempt to execute the balance work for construction of H-Type Buildings for permanent colony at Bjimthangkha. The Package-II contract for 13 blocks (later reduced to 10 blocks) was initially awarded to M/s Pelden Construction in October 2010 for Nu. 127.17 million of which only 2 blocks were completed in December 2016. The PHEP-I had paid Nu. 53.82 million up to the 10th RA Bill, when the contract was terminated due to the inability the contractor to complete works due to financial liabilities. In addition, the contractor was also granted additional time up to six years as of December 2016.

Subsequently, the balance works of eight Blocks were re-awarded to M/s T-Kunzom Pvt. Ltd. at a cost of Nu. 69.53 million in September 2017 at the risk and cost of M/s Pelden Construction as per the Clause 63 of the Contract. However, the value of works estimated by the consultant, M/s Water and Power Consultancy Company Limited (WAPCOS), New Delhi was Nu. 55.000 million, thereby resulting in an excess amount against the estimated value by Nu. 14.53 million. The risk and cost analysis of M/s Pelden Construction was estimated at Nu. 15.730 million. Against which the PHEP-I realized various assets amounting to Nu. 14.080 million leaving a balance liability of Nu. 1.65 million. (AIN: 16397; OB No.: 2; Accountabilities: Direct: Langa Norbu, EE (Infra.) CID No: 10902000597; Pemba Dukpa, SE (Infra.) CID No: 10505000387; Supervisory: N.C Bansal, MD WPN: 919060021312105; Karma

Status: Observation still not settled. As per the letter vide No. ARDC/LD/02/2020/507 dated 27/4/2020. The case is currently under review of ARDC.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 102.760 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 102.760 million are as indicated below:

Sl. No.	Observation in Brief	Unsettled reported in 30 September 2021 (Nu. in million)	Settled (Nu. in million)	Unsettled as on 31 March 2022 (Nu. in million)
5.3	Overpayment due to incorrect computation of ownership cost in respect of Machine Hour Rate	102.760	-	102.760
	Total:	115.910	-	102.760

5.3. OVERPAYMENT DUE TO INCORRECT COMPUTATION OF OWNERSHIP COST IN RESPECT OF MACHINE HOUR RATE NU. 102.760 MILLION

The PHEP-I had made overpayment of Nu. 102.760 million due to incorrect computation of ownership cost in respect of machine hour rate for two deviated items up to 110th Running Account Bills. As per the Central Water Commission (CWC) Guidelines, Chapter 2 provides the methodology to derive the hourly use rate of tools and plants and stipulates that ownership cost is to be computed by considering depreciation only.

Chapter 3 of the CWC Guidelines deals with the calculation of machine hour rate in cases where tools and plants have been supplied by the department to the contractor and stipulates that ownership cost is to be computed by considering depreciation as well as interest on capital investment made by the department.

Since no machineries were lent by PHEP-I to the contractor, the provisions of Chapter 3 were found irrelevant for the calculation of machine hour rate. However, the analysis of hourly rate of equipment computed by the PHEP-I revealed that rates were applied as per Chapter 3 (by considering interest on capital investment and depreciation) instead of Chapter-2 (only depreciation) with resultant excess payment of Nu.102.760 million. (AIN: 16397; OB No.: 7; Accountabilities: Direct: Kado, EE (Dam), CID No: 10807000856; Karma, EE (Dam), CID No: 11107004217; J.S. Bajwa, EIC (Dam), WPN: 191907011552844; Sonam Chofel, SE (Con), CID No: 10711001402; Dechen Lhendup, CFO, CID No: 10905001120; Supervisory: N.C Bansal, MD WPN: 919060021312105; Karma Tshewang, JMD CID No: 10601002108; R.P Sharma, DT WPN: 191906277588184; Pranav Kumar Mallick, DF WPN: 1919072771100457)

Status: Observation still not settled. The management should submit the clarification report from CWC and intimated to audit.

5. COMPLIANCE AUDIT REPORTS

During the year, the RAA issued three theme-based compliance audits on Northern East-West Highway Construction, Surface Collection and Dredging of Riverbed Materials and Government Property Management.

5.1. NORTHERN EAST-WEST HIGHWAY CONSTRUCTION

The Compliance Audit on the GoI funded “Northern East-west Highway Project” (NEHC) was carried out to review the operations, accounting records, internal controls and contract management. Compliance audit on the NEHC reviewed the compliance to the contract agreements; design and drawings, technical specifications, FRR and Procurement Manual. The RAA had issued four compliance audit reports on the NEHC considering the project was handled by four Regional Offices (RO) of the Department of Roads (DoR) in Thimphu, Lobeysa, Trongsa and Lingmethang. The scope of work and total estimates for each RO is provided in **Table 1**:

Regional Office	Scope of work (distance in Km)	Locations	Total Estimates (Nu. in million)
Thimphu and Lobeysa	65	Semtokha-Wangdue	764.217
Lobeysa	82	Wangdue-Chuserbu	1,156.061
Trongsa	100	Chuserbu-Trongsa- Nangar	2,454.575
Lingmethang	39	Yadi-Lingmithang	1,763.745
Project DANTAK	52	Trashigang –Yadi	1,145.613
Total			7,284.211

The RO of Trongsa was provided with the maximum scope of the work followed by Lobeysa, Thimphu and Lingmethang. The scope of work handled by Project DANTAK was not considered for the audit. The unresolved non-compliances to existing rules and regulations for the GoI funded construction of the Northern East-West Highway were as follows:

5.1.2. REGIONAL OFFICE, DEPARTMENT OF ROADS, THIMPHU

1. NON-REALIZATION OF COST DIFFERENCE

The RO, DoR, Thimphu had not complied to the decision of the meeting held on 10 May 2017 and failed to realize the cost difference of Nu. 9.553 million from M/s Raven Builders and Company (P) Ltd. The meeting decision stated *‘In the event, the progress is seen not done as per revised work plan then additional resources like allotting a part of works to other reliable firm will be initiated and the extra cost will have to be borne by M/s Raven Builders and Company (P) Ltd.’*. Both the parties in the interest of work and for the benefit of public had accepted this arrangement.

Although a part of the work was allocated to the next higher bidder with the additional cost to be borne by M/s Raven Builders and Company (P) Ltd., the amount was paid by the Regional Office from the Government Budget indicating non-compliance to the meeting decisions.

Status: *Observation settled based on the additional justification/explanation submitted vide letter no. RO-T/DoR/Acc-07/2021-2022/647 dated 29/10/2021. Follow-up report was sent vide letter no.RAA/FUCD(E4-6)NEWH/RO-T/phu/2021/2118 dated 19/11/2021*

2. NON-RETURN OF EXCESSIVE ISSUE OF BITUMEN VG-10 ON COMPLETION OF BITUMINOUS WORKS WITH RESULTANT MISUSE

The RO, DoR, Thimphu had not complied to the BoQ and had made excessive issued of bitumen to M/S Raven Builders and Company (P) Ltd besides failing to ensure return of excessive issue of Bitumen VG-10 amounting to Nu. 10.012 million. This had resulted in misuse of Bitumen by M/S Raven Builders and Company (P) Ltd on completion of Bituminous works. The non-return of Bitumen had occurred when part of the work of was awarded to another contractor for which separate quantity of bitumen was issued. The actual quantity of work executed by M/S Raven Builders and Company (P) Ltd also showed that the quantity of Bitumen issued to the contractor far exceeded the quantity executed at site indicating non-compliance and adherence to the specification provided in the BoQ.

Status: Observation still not settled. Follow-up report was issued vide letter no.RAA/FUCD(E1)MoWHS-Sect/2021/420 dated 23/04/2021

5.1.3. REGIONAL OFFICE, DEPARTMENT OF ROADS, LOBEYSA

1. NON-COMPLIANCE TO TECHNICAL SPECIFICATIONS

- b) The RO, DoR, Lobeysa had not adhered to the requirements in the special conditions of contract and made inadmissible payment amounting to Nu. 4.998 million due to acceptance of inflated rates of Dense Bituminous Mix (DBM) and Asphalt Concrete (AC). The Special Conditions of Contract (SCC) states 'The rates for Bitumen (VG-10) must be '0' (zero) during the analysis of rate for DBM and AC by the bidders i.e. the cost of bitumen shall not be included in analysis'. However, Review of rate analysis submitted by the contractor for DBM and Asphalt concrete works, it was noted that the rate analysis included cost of Bitumen contrary to the aforementioned additional provision of the SCC.

Status: Observation settled, various French drains of different sizes were provided along the damaged road area and the road condition was found improved. The road map where French drains provided is attached. Follow-up report was issued vide letter no.RAA/FUCD(E4-4)NEWH/RO-Lobeysa/2020/1490 Date: 29/07/2020

- d) The RO, DoR, Lobeysa had failed to ensure construction of abutment walls for RCC slabs as per specifications resulting in inadmissible payment of Nu. 0.113 million. The abutment walls for the Reinforced Concrete Cement (RCC) slab were to be constructed with Coursed Rubble Masonry (CRM) with hard stone hammer dressed but Random Rubble Masonry were used and hammer dressing were not provided on the face stones. Further, the abutment walls were constructed without adhering to the drawings and specifications of constructions for abutment wall for the RCC slab as the works executed at site were neither CRM nor RRM item of work. The execution of abutment walls with huge boulders and weak cement mortar was not actually a load-bearing wall indicating poor workmanship and lack of supervision, monitoring and non-compliance to requirements.

Status: The inadmissible payment of Nu.0.113,million has been deposited into ARA vide receipt no. 03140 dated 07/07/2020.. However, the penalty amount of Nu. 23,229.40 has been imposed for delay in deposit into ARA. Therefore, the 24% penalty amounting to Nu. 23,299.40 needs to be recovered and deposited into ARA. Reminder was sent vide letter no.RAA/FUCD(E1)MoWHS-Sect/2021/420 dated 23/04/2021.

- g) The RO, DoR, Lobeyasa had not ensured compliance to technical specifications thereby making inadmissible payments of Nu. 1.411 million. due to payment for pavement works beyond the approved carriageway width. It was noted that the average width of WMM works executed worked out to 8.39m as per the contractor's bill which exceeded by 0.89m from the approved carriage width of 7.50m. In addition, it was noted that the site and supervising engineer had recorded instruction not to execute beyond the approved pavement width and no approvals were given for execution of pavements work exceeding the carriageway width. Therefore, the unauthorized execution of works was not in compliance to the technical specification and not eligible for payment.

Status: Case is under investigation by the ACC

- h) The RO, DoR, Lobeyasa had not ensured compliance to the requirements of GSB works in the technical specifications resulting in inadmissible payments of Nu. 1.311 million. due to payment for works beyond approved width. The providing and laying of GSB on widened road was only admissible to the extent of 3.27m (i.e. Carriageway of 7.50m less existing road width of 4.23m). However, the Regional Office had accepted and paid for width beyond 4.23m resulting in the inadmissible payment. Such lapses had occurred due to lack of proper monitoring and supervision by concerned officials and non-verification of bills with actual work done at site.

Status: Case is under investigation by the ACC

- i) The RO, DoR, Lobeyasa had not complied with the technical specifications resulting in inadmissible payments of Nu. 2.127 million as the payments for pavement works were made beyond the carriageway width approved in the revised drawing. It was noted that the average width of WMM works executed worked out to 8.63m as per the contractor's bill which exceeded by 1.13m from the approved carriage width of 7.50m. In addition, it was noted that the site and supervising engineer had recorded instruction not to execute beyond the approved pavement width and no approvals were given for execution of pavements works exceeding the carriageway width. Therefore, the unauthorized execution of works was not eligible for payment for which the Regional Office had incurred expenses amounting to Nu. 2.127 million.

Status The observations with possible existence of corrupt practices were forwarded to ACC for further investigation pertaining to M/S Empire Construction Pvt. Ltd. Status from ACC is awaited, till such time observation shall remain unsettled.

- j) The RO, DoR, Lobeyasa had not complied with the technical specifications for GSB works and made inadmissible payments of Nu. 3.914 million as the payments were made beyond the carriageway width approved in the revised drawing. The providing and laying of GSB on widened road was only admissible to the extent of 3.27m (i.e. Carriageway of 7.50m less existing road width of 4.23m). However, the Regional Office had accepted and paid for width beyond 4.23m resulting in the inadmissible payment. Such lapses had occurred due to lack of proper monitoring and supervision by concerned officials and non-verification of bills with actual work done at site.

Status: The observations with possible existence of corrupt practices were forwarded to ACC for further investigation pertaining to M/S Empire Construction Pvt. Ltd. Status from ACC is awaited, till such time observation shall remain unsettled.

2. NON-COMPLIANCES RELATED DIRECT AWARD OF CONTRACT

- a) The DoR had directly awarded Package XV of the NEHP to M/s Empire Construction with resultant financial implications to the government amounting to Nu. 15.861 million in contravention to the Procurement Rules. The Ministry of Finance had approved the direct award of work for the pavement construction from Nobding-Dungdungnyelsa covering Chainages from 395Km to 392.25Km with a total road stretch of 2.75Km to M/s Empire Construction based on the proposal submitted by Minister, MoWHS for the direct award of work in lieu of the work made to surrender under the RO, Trongsa. The direct award had led to exorbitantly high analyzed rates for sand and aggregates in comparison to the Bhutan Schedule of Rates leading to huge cost difference. The circumstances leading to preparation of estimates by analyzing rates despite existence of BSR 2015 was not on record.

Status Case is under investigation by the ACC

- b) The DoR had directly awarded package XV of the NEHP with resultant financial implications to the government amounting to Nu. 39.40 million. The work was directly awarded in lieu of the work made to surrender under the RO, Trongsa. The surrender of ongoing work and direct award of additional work was not justified besides violation of the procurement norms. The contractor was paid for the whole contract amount despite only completing 30% of the work leading to the financial implication besides total disregard to the procurement rules.

Status: Case is under investigation by the ACC

- c) The RO, DoR, Lobeysa had given direct award of work in violation to the Exclusion Criteria in the terms of Public Announcement issued on 2nd July 2016 by awarding it to the contractor who had not completed prior works of the DoR. It was apparent from the related records that M/s Empire Construction was awarded contract for carrying out the critical widening works especially the 2.5 km cliff of Dzongkhalum by the RO Trongsa based on MoU signed by the Ministry with MHPA on 16 September 2014. Although the progress of the work was very slow and the Contractor faced penalty, the DoR had asked the contractor to surrender the work after paying the full amount and also given another work without following procurement norms. It was evident that the Ministry had favored the contractor and failed to enforce the approved Exclusion Criteria while granting direct award of work.

Status: The observations with possible existence of corrupt practices were forwarded to ACC for further investigation pertaining to M/S Empire Construction Pvt. Ltd. Status from ACC is awaited, till such time observation shall remain unsettled.

5.1.4. REGIONAL OFFICE, DEPARTMENT OF ROADS, LINGMETHANG

1. NON-COMPLIANCE TO TECHNICAL SPECIFICATIONS

The RO, DoR, Lingmethang not complied with required technical specification and had accepted road constructions where the formation width was not maintained at the required 10.5 meters in few chainages/stretches of the road. This indicated existence of inadequate monitoring and supervision by the site engineer over the execution works as well as breach of contract obligation by the contractor with resultant execution of works in deviation to the technical design and specification. Further, the non-achievement of the required widening width entailed payments for unexecuted works as the quotes for FC works were on lump sum basis. Thus the

payments on the basis of lump sum contract had resulted in payments for unexecuted works. The Regional office had not assessed the cost difference for the width not achieved and recovered from the contractor.

The RO, DoR, Lingmethang had not enforced compliance to design and drawings and accepted road constructions where the standard designs and drawings were not adhered to. The formation width was not maintained at the required 10.5 meters, the one-meter gap between L-Drain and hillside and one-meter hard shoulder at valley side were also not maintained in few chainages/stretches of the road. This indicated existence of inadequate monitoring and supervision by the site engineer over the execution works as well as breach of contract obligation by the contractor with resultant execution of works in deviation to the technical design and specification. Further, the non-achievement of the required widening width entailed payments for unexecuted works as the quotes for FC works were on lump sum basis. Thus the payments on the basis of lump sum contract had resulted in payments for unexecuted works. The Regional office had not assessed the cost difference for the width not achieved and recovered from the contractor.

Status Case is under review by the Anti Corruption Commission

2. NON-COMPLIANCES RELATED TO DIRECT AWARD OF WORK

- a) The RO, DoR, Lingmethang under the directives of the Ministry of Works and Human Settlement had directly awarded the contract to M/s Bhutan ZeoCrete Pavement Technologies (JV), a Joint Venture Company on the use of ZeoCrete Pavement Technology. The direct award was done without assessment to ascertain the availability of other contractors in the market with the required technical capability. The direct award of contract without assessments and comparisons of cost prior to award of the contract indicated flaws not only in the award for implementing such new technology for a stretch of 10km as a demonstration but also awarding at the estimated cost submitted by the JV firm of Nu. 159.921 million without ascertaining the reasonableness of the cost offered by the JV firm. The direct award also violated the procurement norms and instruction by the Ministry of Finance to assess the availability of competitors in the market.
- b) The RO, DoR, Lingmethang had failed to incorporate the cost and risk factor for the demonstration of technology in the contract agreement as required in the letter by the Secretary of MoWHS to the Minister. The letter categorically stated that *'If approved, the JV Company will be given the opportunity to carry out the demonstration of the technology at their costs and risks under strict supervision of DoR engineers. In the event the technology fails they will be required to redo the pavement works by conventional system'*. This non-compliance could have huge financial implications to the government if the technology fails and work is not up to the standard.

Status: Case is under review by the Anti Corruption Commission

- c) The RO, DoR, Lingmethang under instructions from the ministry had revised the contract amount with undue benefit to the contractor amounting to Nu. 6.684 million. The initial contract price was Nu. 159.921 million but was increased to Nu. 166.705 million without revising the whole contract document after incorporating all applicable taxes in the Kingdom of Bhutan. The approval of additional contract price of on account of taxes/duties

after signing the contract was not justified as the contract agreement was not revised and details of the increase in the amount not incorporated.

Status: *Case is forwarded to ACC for further review and investigation.*

- f) The RO, DoR, Lingmethang had failed to incorporate the increase in Defect Liability Period in the contract agreement in the use of ZeoCrete Technology which is a proven system of providing simpler, faster, durable and the most vital parameter the 'impervious layer' for better performance resulting in savings in millions of scarce resources over the life of the pavement which is expected to be well over 10 years. As for the cost, the estimated expenditure is comparable to the convention one and estimated about 3.7% higher, which will be compensated by reduced maintenance requirement, the benefit the government will accrue is immense. However, the contract agreement under SCC (GCC 35.1) stipulated the defect liability period of just 36 months same as the revised defect liability period fixed for contractors executing the pavement works under the conventional construction method and that too at lower contract cost.

Status: *Observations pertaining to M/s Bhutan Zeocrete pavement Technology, Joint Venture Company is under investigation by the Anti-Corruption Commission.*

- g) The RO, DoR, Lingmethang failed to produce the technical specification and Performance Requirements and Drawings in the Contract of ZeoCrete Technology. Thus, in the absence of the technical specification and drawings, the executions of works at site could not be cross checked with the technical specification and drawings. The conduct of monitoring and supervision and work at site is also questionable as the Regional Office did not seem in custody of the required documents.

Status: *Observations pertaining to M/s Bhutan Zeocrete pavement Technology, Joint Venture Company is under investigation by the Anti-Corruption Commission. Status from ACC is awaited, till such time observation shall remain unsettled.*

- h) The RO, DoR, Lingmethang had not ensured consistency in the technical specification of the Cementitious Base Layer in the contract of ZeoCrete Technology. As per the proposal submitted, the thickness of Cementitious base layer (CBTLy) was provided as 210-250 mm and under Comparative Pavement Behavior as 210mm thick.

Status: *Observations pertaining to M/s Bhutan Zeocrete pavement Technology, Joint Venture Company is under investigation by the Anti-Corruption Commission. Status from ACC is awaited, till such time observation shall remain unsettled.*

- i) There was ambiguity in the technical specification of thickness of Cementitious base layer (CBTLy) of 210-250 mm as the test conducted was for 225-250mm thick CTB Layer per m² soil of mass. Such non-compliance to the requirements could impact the strength and durability of the concrete pavement.

Status: *Observations pertaining to M/s Bhutan Zeocrete pavement Technology, Joint Venture Company is under investigation by the Anti-Corruption Commission. Status from ACC is awaited, till such time observation shall remain unsettled.*

- j) The RO, DoR, Lingmethang had failed to ensure that the applicability and accuracy of the design mix in the contract for ZeoCrete technology which states "Each soil is different and shall have different composition of Admixture mix and dosage. The dosage is set from the Lab tests for 7d, 28d, curing for the E-Values achieved and confirmation to designed values".

However, the test for the elements if carried out was not available and the unconfirmed Compressive Strength and corresponding E-values were not carried out. Thus absence of the basis considered for the CTB layer indicated flaws in the design mix. Without proper records on the tests of the elements, the strength and durability of the pavement might be compromised while application at site.

***Status:** Observations pertaining to M/s Bhutan Zeocrete pavement Technology, Joint Venture Company is under investigation by the Anti-Corruption Commission. Status from ACC is awaited, till such time observation shall remain unsettled.*

- k) The RO, DoR, Lingmethang had not ensured that the application of factors was in line with the requirements. Although the proposal indicated use of applied factor of 1000 for deriving the E-Values, the tests were done using an applied factor of 1125 thereby achieving positive result for CTB layer. The use of higher applied factor is indicative of inappropriate mix design with resultant overdose of soil treatment with OPC and ZeoCrete materials and extra cost to the Government.

***Status:** Observations pertaining to M/s Bhutan Zeocrete pavement Technology, Joint Venture Company is under investigation by the Anti-Corruption Commission. Status from ACC is awaited, till such time observation shall remain unsettled.*

- l) The RO, DoR, Lingmethang had failed to enforce the terms of contract for the on Zeocrete Technology and provided irregular time extension with intent to prevent imposition of liquidated damages through provision of drainage work of Nu. 13.656 million. Although the progress of the work was very slow with only about 30% of the work completed by the end of the contract duration, the Regional Office had not levied Liquidated Damages or terminated the contract as required in the contract agreement. However, the contract duration was found revised up to March 2018 based on the proposal to directly award the Drainage works although the work was not awarded till date of audit (02 December 2017). The time extension granted on the basis of proposal to award additional works at the verge of expiry of contract period was not appropriate and was an extension of undue favour as it had resulted in waiver of the applicable liquidated damages.

***Status:** Observations pertaining to M/s Bhutan Zeocrete pavement Technology, Joint Venture Company is under investigation by the Anti-Corruption Commission. Status from ACC is awaited, till such time observation shall remain unsettled.*

- m) The RO, DoR, Lingmethang had not assessed the actual cost saving from use of Zeocrete Technology for pavement works over the conventional system. The cost of implementing the Zeocrete Technology was higher than conventional system by 3.7 times and the intended benefits were to have reduced cost of maintenance over the years, long durability and less construction duration. However, the Regional Office had not assessed the actual savings that could be accrued from the use of the new technology. While the technology may revolutionize the system of doing highway pavements works, it is imperative to ensure its cost effectiveness in terms of use of scarce government resources. The works at site also revealed that there were damages to the pavement immediately after execution indicating inferior quality works, inadequate supervision and monitoring or the non-durability of the pavement as proposed.

Status: Observations pertaining to M/s Bhutan Zeocrete pavement Technology, Joint Venture Company is under investigation by the Anti-Corruption Commission. Status from ACC is awaited, till such time observation shall remain unsettled.

n) The RO, DoR, Lingmethang had failed to properly compare the cost between the Zeocrete Pavement Technology and conventional Pavement construction resulting in additional cost of Nu. 9.974 million. The adoption of Zeocrete pavement technology was found discussed in the MLTC where Secretary, M,OWHS highlighted the advantages of Zeocrete Pavement Technology as here under:

- Minimize the Bitumen import quantity;
- Minimize the Bitumen burning thereby causing no damage to the environment;
- Reduction in quarry production of aggregates;
- Reduction in construction time;
- Cementitious base (CTB) is very effective in cold and marshy areas; and
- Lower cost compared to the conventional construction.

In addition, the MOWHS showed cost saving of Nu. 0.696 million per kilometer by using the Zeocrete pavement technology but the cost comparisons were made by applying BSR 2017 base rates despite the fact that the works were being awarded and executed from June 2016 and up to December 2017. However, cost comparison in consideration to the BSR 2015 base rates alone revealed that the cost of construction of pavement works under the conventional construction system was lower by Nu. 9.974 million (5.98%) as compared to Zeocrete pavement technology indicating inaccuracies in assessment and resultant higher cost.

Status: Observations pertaining to M/s Bhutan Zeocrete pavement Technology, Joint Venture Company is under investigation by the Anti-Corruption Commission. Status from ACC is awaited, till such time observation shall remain unsettled.

5.3. GOVERNMENT PROPERTY MANAGEMENT

The objective of the Compliance Audit was to ascertain whether the Government Property Management system is in compliance to Property Management Manual, Financial Accounting Manual (relevant excerpts), other relevant/applicable rules and regulations. The focus of the audit included acquisition, storage, maintenance, utilization, disposal and record-keeping of government properties. The audit was conducted covering a period of three years from 01 July 2015 to 30 June 2018 for a sample of 16 government agencies beside the Department of National Properties.

On review, the following cases of non-compliances in government property management were observed which have not been resolved;

5.3.3. DISPOSAL OF PROPERTIES

2. NON-SURRENDER OF PROPERTIES

Various agencies had not surrendered a total of 41 old vehicles which were above 15 years old to the DNP in contravention to the directives of Lhengye Zhungtshog. The directive had intended

to withdraw old vehicles in a phased manner considering the safety and high emission rates which was not followed by some of the sample agencies.

Status: No Response. Followup done vide letter No.RAA/FUCD/(H1)/CA/PPM/MoF/2020/1981 dated 3/11/2020.

3. REALLOCATION OF SURRENDERED PROPERTIES

The Department of National Properties had re-allocated 27 surrendered pool vehicles to various agencies with approval from Ministry of Finance which is in contradiction to the Lhengye Zhungtshog order requiring pool vehicles to be withdrawn in a phased manner considering the safety of using pool vehicles owing to its old condition and high emission rate.

Status: No Response. Followup done vide letter No.RAA/FUCD/(H1)/CA/PPM/MoF/2020/1981 dated 3/11/2020.

5.3.4. RECOMMENDATIONS

These cases of non-compliances with regard to property management under all three phases – acquisition and issue, maintenance and utilization, and the disposal of properties - needs to be addressed for effective management of government properties. These non-compliances observed had resulted mainly because of the following:

- Lack of awareness on the requirements of the property management;
- Lack of training on the required procedures of property management;
- Lack of competent personnel dealing with/for property management; and
- Non-stabilization of the system ‘Asset Inventory Management System’ (AIMS).

Therefore, in order to address these root causes that will prevent and avoid the recurrence of these non-compliances in the future, the RAA recommends the following:

- a) The Department of National Properties should initiate to provide awareness and training on the Property Management, its requirements and procedures to all the budgetary agencies;
- b) The Department of National Properties should expedite the stabilization of its new system ‘Asset Inventory Management System (AIMS)’. Once the AIMS is stabilized, the DNP should acquaint and train the concerned officials of all the budgetary agencies at length on AIMS; and
- c) The concerned agencies with no designated procurement and properties related officials should initiate redeployment of officials within their available human resources for effective property.



REVIEW REPORT OF ANNUAL AUDIT REPORT 2020

(Status as on 31 March 2022)

ROYAL AUDIT AUTHORITY

PART-I Summary of Review Report of AAR 2020

The Royal Audit Authority had tabled the Annual Audit Report 2020 to the 5th Session of the third Parliament in June 2021. The report had total significant unsettled irregularities of Nu.2,057.438 million consisting of Nu.1,097.997 million against Budgetary Agencies; Nu.953.062 million against Non-Budgetary Agencies and Nu.6.379 million against Hydro Power Projects.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted numerous follow-up at various levels and out of the total unsettled irregularities of Nu.2,057.438 million reported to the Parliament in June 2021 subsequently irregularities amounting to Nu.372.013 million against Budgetary Agencies, Nu.60.559 million against Non-budgetary Agencies and the irregularities of Nu.6.379 million against Hydro Power Projects were settled as on 31 March 2022 as shown in the table below.

Table: Showing agency wise irregularities settled and balances as on 31 March 2022.

SL No.	Agencies	Unresolved irregularities reported as of June 2021 (Nu.in Million)	Irregularities resolved as on 31/03/2022 (Nu.in Million)	Balance irregularities as on 31/03/2022 (Nu.in Million)	Percentage of irregularities resolved as on 31/03/2022
1	Ministries	635.623	303.739	331.884	47.79
2	Dzongkhags	59.133	11.581	47.552	19.58
3	Dungkhags	34.776	14.588	20.188	41.95
4	Gewogs	79.677	28.671	51.006	35.98
5	Autonomous Agencies	288.788	13.434	275.354	4.65
Total Budgetary Agencies-A (1to 5)		1,097.997	372.013	725.984	33.88
6	Corporations	235.360	21.071	214.289	8.95
7	Financial Institutions	654.908	10.612	644.296	1.62
8	Non Governmental Organizations	62.794	28.876	33.918	45.99
Total Non-Budgetary Agencies - B (6 to 8)		953.062	60.559	892.503	6.35
9	Hydropower Projects	6.379	6.379	-	100
Total Hydropower Projects-C		6.379	6.379	-	100
Grand Total (A+B+C)		2,057.438	438.951	1,618.487	21.33

As transpired from table above, out of the total unsettled irregularities of Nu.2,057.438 million reported as of June 2021, irregularities amounting to Nu.438.951 million were settled leaving a balance of Nu.1,618.487 million as on 31 March 2022. The detailed review report of the agencies are highlighted hereunder.

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. 796.013 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 amounting to Nu. 6.547 million as summarized below were reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Ministry of Agriculture and out of the total irregularities of Nu.6.547 million reported to the Parliament in June 2021; irregularities of Nu.0.495 million were settled leaving a balance of Nu.6.052 million as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
2	Embezzlement	0.199	0.199	-	100
4	Non-Compliance to laws and rules	0.716	-	0.716	-
5	Shortfalls, lapses and deficiencies	5.632	0.296	5.336	5
	Total	6.547	0.495	6.052	8

The details of unsettled irregularity reported to the Parliament in June 2021, irregularities resolved thereafter and the unresolved balances as on 31 March 2022 are as discussed below.

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 user groups, 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: Tshegy Norbu, LPO, EID No.: 200607143; Supervisory: Dawa Dorji, DLO, EID No.: 9507137)

Status: Observation has been settled as a sum of Nu.204, 989.44 was deposited with the RAA vide R/No.429750 dated 08/07/2020 inclusive of 24% pa penalty.

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	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
4.1	Procurement of HDPE Pipes from other vendor	0.094	-	0.094
4.2	Non-adjustment of Advances	0.622	-	0.622
	Total	0.716	-	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)

Status: Observation not settled. A Follow-up report has been issued vide reference No.RAA/FUCD(B1)MoAF/2021/539 dated 12 April 2021.

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)

Status: Observation not settled. A Follow-up report has been issued vide reference No.RAA/FUCD(B1)MoAF/2021/539 dated 12 April 2021.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 5.336 MILLION

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

Sl. No.	Observation in Brief	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
5.1	Excess payment to contractor	1.385	0.296	1.089
5.2	Unclaimed refundable deposit	2.741	-	2.741
5.3	Unclaimed Non-revenue deposit	1.506	-	1.506
	Total	5.632	0.296	5.336

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)

Status: Observation not settled. A reminder has been served vide letter No.RAA/BT/Fus-01/2021/768 dated 16/05/2021, however, no response received as of 31/03/2022.

- 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)

Status: Observation not settled. A reminder has been served vide letter No.RAA/BT/Fus-01/2021/768 dated 16/05/2021, however, no response received as of 31/03/2022.

- 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)

Status: Observation has been settled based on the refund of prior year's expenses amounting to Nu.296, 177.39 to DPA through cheque No.029550 dated 02/25/2021 as per the letter No. MoAF/FSAPP/Accounts/2020-2021/243 dated 10 March 2022.

- 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)

Status: Observation not settled. A reminder has been served vide letter RAA/FUCD(B1)MoAF/2021/539 dated 12th April 2021, however, no response received as of 31/03/2022.

- 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)

Status: Observation not settled. A reminder has been served vide letter RAA/FUCD(B1)MoAF/2021/539 dated 12th April 2021, however, no response received as of 31/03/2022.

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)

Status: Observation not settled. The amount stands recoverable as of 31/03/2022.

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)

Status: Observation not settled. The amount stands recoverable as of 31/03/2022.

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 amounting to Nu. 3.496 million as summarized below were reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Ministry of Education and out of the total irregularities of Nu.3.496 million reported to the Parliament in June 2021; irregularities of Nu.2.911 million were settled leaving a balance of Nu.0.588 million as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
2	Embezzlement	0.125	0.125	-	-
3	Mismanagement	0.171	0.171	-	100
4	Non-Compliance to laws and rules	2.361	1.953	0.408	83
5	Shortfalls, lapses and deficiencies	0.812	0.662	0.150	82
	Total	3.469	2.911	0.558	84

The details of unsettled irregularity reported to the Parliament in June 2021, irregularities resolved thereafter and the unresolved ones as on 31 March 2022 are as discussed below.

2. EMBEZZLEMENT

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)

Status: *Observation partially settled. Amount Nu. 0.125 million recovered and deposited. However, administrative action against the accountable person needs to be taken.*

3. MISMANAGEMENT

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)

Status: *Observation has been settled vide follow-up report No. RAA/FUCD(L1)MoE/ESWS/2021/2043 dated 10/11/2021 as the amount was recovered.*

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 0.408 MILLION

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

Sl. No.	Observation in Brief	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
4.1	Excess procurement of school uniform	0.310	0.310	-
4.2	Defective Office Equipment	1.540	1.540	-
4.3	Non-Levy of Liquidated damages	0.107	0.103	0.004
4.4	Non-cancellation of cheques after cash payment	0.337	-	0.337

4.5	Non-maintenance of supporting documents	0.067	-	0.067
	Total	2.361	1.953	0.408

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)

Status: Observation has been settled vide follow-up report No. RAA/OAAG(T)FUD-02/2020-2021/025 dated 15/07/2021.

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)

Status: Observation has been settled vide follow-up report No. RAA/OAAG(T)FUD-02/2020-2021/025 dated 15/07/2021.

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, bed sheets and pillows. (AIN: 16510; OB No.: 2; Accountabilities: Direct: Ganga Ram Bhandari, Accountant, EID No.: 200807015; Supervisory: Leki Wangdi, Principal, EID No. 9108060)

Status: Observation partially settled. Out of Nu.0.107 million; Nu.0.103 million deposited vide receipt No A00944 of 13/5/2020 leaving a balance of Nu.0.004 million as of 31 March 2022.

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)

Status: Observation not settled. The amount of Nu.0.337 million stands recoverable as of 31 March 2022.

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)

Status: Observation not settled. The amount remained un-reconciled as 13 March 2022.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 0.150 MILLION

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

Sl. No.	Observation in Brief	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as on 31 March 2022
5.1	Outstanding Advance	0.190	0.050	0.140
5.2	Short deposit on re-investment	0.255	0.255	-
5.3	Double payment of semso	0.150	0.150	-
5.4	Short deduction of Liquidated damages	0.099	0.089	0.010
5.5	Missing Documents	0.118	0.118	-
	Total	0.812	0.662	0.150

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

Status: Observation partially settled. Out of Nu.0.190 million; Nu.0.050 has been adjusted as per letter No.DAT/ACC-06/2020/983 dated 13/04/2020 leaving a balance of Nu.0.140 million as of 31 March 2022.

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)

Status: *Observation has been settled vide follow-up report reference No.RAA/FUCD(L1)MoE/ESWS/2021/715 dated 07/05/2021 as the amount was recovered.*

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)*

Status: *Observation has been settled vide follow-up report reference No.RAA/FUCD(L1)MoE/ESWS/2021/715 dated 07/05/2021 as the amount was recovered.*

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)*

Status: *Observation partially settled. Out of Nu.0.099 million; Nu.0.089 million deposited vide Receipt No. A01632 dated 01/10/2021 leaving a balance of Nu.0.010 million.*

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)*

Status: *Observation has been settled vide follow-up letter reference No. RAA/OAAG-Pling/Tshaphel-LSS-E-9/2021/1276 dated. 03/12/2021.*

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 amounting to Nu. 261.631 million as summarized below were reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Ministry of Economic Affairs and out of the total irregularities of Nu.261.631 million reported to the Parliament in June 2021; irregularities of Nu.242.358 million were settled leaving a balance of Nu.19.273million as of 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	4.408	0.099	4.309	2
5	Shortfalls, lapses and deficiencies	257.223	242.259	14.964	94
	Total	261.631	242.358	19.273	93

The details of unsettled irregularity reported to the Parliament in June 2021, irregularities resolved thereafter and the unresolved balances as on 31 March 2022 are as discussed below.

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 4.309 MILLION

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

Sl. No.	Observation in Brief	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
4.1	Irregular increment of House Rent	0.099	0.099	-
4.2	Non-completion of works and outstanding liabilities	4.309	-	4.309
	Total	4.408	0.099	4.309

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)

Status: Observation has been settled based on the letter No. RTIO/SJ/ACCTS-09/2020/443 of 26/02/21 in view of the submission of lease agreement drawn between lesser and the lessee for the period of four years.

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)

Status: Observation not settled. As per letter No.MoEA/IIDD(Audit)-01/2020/2502 dated 13/10/2021 the case is under Sarpang Dzongkhag Court for enforcement of judgement based on the verdict passed by BADRC/Arbitration where the contractor has to pay the department a compensation of Nu.8,104,182.40.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 14.964 MILLION

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

Sl. No.	Observation in Brief	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
5.1	Undue payments to contractor	14.964	-	14.964
5.2	Retention of ERB fund in CD Account	242.259	242.259	-
	Total	257.223	242.259	14.964

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)

Status: *Observation not settled. As per the letter No.MoEA/IIDD(Audit)-01/2020/2502 dated 13/10/2021 the case is under arbitration.*

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)*

Status: *Observation has been settled vide follow-up report No.RAA/FUCD(O4)DGM/2021/2093 dt.17/11/2020 as regulations and guidelines have been revised and implemented.*

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 amounting to Nu. 2.480 million as summarized below were reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Ministry of Finance and out of the total irregularities of Nu.2.480 million reported to the Parliament in June 2021; irregularities of Nu.1.526 million were settled leaving a balance of Nu.0.954 million as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
3	Mismanagement	2.360	1.526	0.834	65
5	Shortfalls, lapses and deficiencies	0.120	-	0.120	-
	Total	2.480	1.526	0.954	62

The details of unsettled irregularity reported to the Parliament in June 2021, irregularities resolved thereafter and the unresolved balances as on 31 March 2022 are as discussed below.

3. MISMANAGEMENT – NU. 0.834 MILLION

The cases of mismanagement involving Nu. 0.834 million are as indicated below:

3.1. OUTSTANDING REVENUE - NU. 0.834 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)

Status: Observation has been settled as the amount of Nu.1.526 million was collected from M/s TD Cable & Hotel Jakar View, Bumthang & from M/s Yoedzerling Hotel, Bumthang as per letter No.RRCO/BM/ST/GEN-03/2021/343 dated 14/05/2021.

- 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)

Status: Observation not settled. The outstanding amount of Nu.0.834 million stands recoverable.

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 & Ugyen Namgyel, Regional Director, EID No. 9101155; Supervisory: Ugyen Namgyel, Regional Director, EID No. 9101155)

Status: Observation not settled. The outstanding advances of Nu.0.120 million stands recoverable.

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 amounting to Nu. 0.385 million as summarized below were reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Ministry of Foreign Affairs and out of the total irregularities of Nu.0.385 million reported to the Parliament in June 2021; irregularities of Nu.0.185 million was settled leaving a balance of Nu.0.200 million as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	0.385	0.185	0.200	48
	Total	0.385	0.185	0.200	48

The details of unsettled irregularity reported to the Parliament in June 2021, irregularities resolved thereafter and the unresolved ones as on 31 March 2022 are as discussed below.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU.0.200 MILLION

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

Sl. No.	Observation in Brief	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
5.1	Non-adjustment of Advance	0.297	0.097	0.200
5.2	Payment of salary while on EOL	0.088	0.088	-
	Total	0.385	0.185	0.200

5.1. NON-ADJUSTMENT OF ADVANCES – NU. 0.200 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)

Status: *Observation partially settled. Out of the total outstanding advances of Nu.0.297 million, Nu.0.097 million was settled based on the decision of the Follow Up-Committee Meeting conducted on 06/10/2021 leaving a balance of Nu. 0.200 million as of 31 March 2022.*

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)*

Status: *Observation has been settled as the amount was deposited with the RAA vide receipt No. 03054 dated 01/06/2021.*

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 amounting to Nu. 0.105 million as summarized below was reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Ministry of Health and the irregular amount of Nu.0.105 million reported to the Parliament in June 2021 was settled. However, the observation remained unsettled as the accumulated 24% pa penalty was not recovered as on 31 March 2022 as discussed below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	0.105	0.105	-	-
	Total	0.105	0.105	-	-

The details of unsettled irregularity reported to the Parliament in June 2021, irregularity resolved thereafter and the balance as on 31 March 2022 is as discussed below.

5. SHORTFALLS, LAPSES AND DEFICIENCIES

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)

Status: Observation partially settled. The principal amount of Nu.0.105 million was deposited with the RAA vide receipt No.01642 dated 5/11/2021, however, the accumulated penalty of 24% pa amounting to Nu. 34,948.77 remained unsettled as of 31 March 2022.

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 amounting to Nu. 5.863 million as summarized below was reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Ministry of Home and Cultural Affairs and out of the total irregularities of Nu.5.863 million reported to the Parliament in June 2021; irregularities of Nu.2.141 million were settled leaving a balance of Nu.3.722 million as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Amount	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
3	Mismanagement	0.705	-	0.705	-
4	Non-Compliance to laws and rules	3.251	0.234	3.017	7
5	Shortfalls, lapses and deficiencies	1.907	1.907	-	100
	Total	5.863	2.141	3.722	37

The details of unsettled irregularity reported to the Parliament in June 2021, irregularities resolved thereafter and the unresolved ones as on 31 March 2022 are as discussed below.

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)*

Status: *Observation not settled as of 31/3/2022.*

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 3.017 MILLION

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

Sl. No.	Observation in Brief	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
4.1	Non-remittance of the concession ration's receipts	0.969	-	0.969
4.2	Non-maintenance of records for fund usage	1.988	-	1.988
4.3	Short Payment of Salary	0.068	0.068	-
4.4	Non-surrender of fund balance	0.153	0.153	-
4.5	Inadmissible payment of TA/DA	0.074	0.013	0.061
	Total	3.251	0.234	3.017

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)*

Status: *Observation not settled. A follow-up report has been sent vide letter No. RAA/FUCD(Y2-RBP, Paro)2021/2435 dt.23/12/2021.*

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)*

Status: *Observation not settled. Follow-up done vide letter No. RAA/FUCD(Y2-RBP, Paro)2021/2435 dt.23/12/2021.*

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)*

Status: *Observation has been settled vide letter No. KA-14/RIO-PLING/2021/263 dated 16/11/2021.*

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)

Status: Observation has been settled vide letter No. KA-4/RIO-pling/2021-95 dated 31 March 2021.

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)*

Status: Observation partially settled. Out of the total of Nu.0.074 million; Nu.0.013 million has been deposited leaving a balance Nu. 0.061 million as of 31 March 2022.

5. SHORTFALLS, LAPSES AND DEFICIENCIES

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

Sl. No.	Observation in Brief	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
5.1	Outstanding Advances	1.843	1.843	-
5.2	Excess Labor Charges	0.064	0.064	-
	Total	1.907	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)*

Status: Observation has been settled based on justification and partial amount deposited with the RAA.

5.2. EXCESS LABOR CHARGES - NU. 0.064 MILLION

The Royal Heritage Museum, 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)

Status: Observation has been settled based on the assurance letter submitted by the management vide letter reference No.TA/RHM/ADM-15/2020-2021/190 dated 25/06/2021.

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 observations 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 irregularities amounting to Nu. 8.696 million as summarized below was reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Ministry of Information and Communication and all the irregularities reported to the Parliament in June 2021 were resolved as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	0.582	0.582	-	100
5	Shortfalls, lapses and deficiencies	8.114	8.114	-	100
	Total	8.696	8.696	-	100

The details of unsettled irregularity reported to the Parliament in June 2021 which were resolved as on 31 March 2022 are as discussed below.

4. NON-COMPLIANCE TO LAWS AND RULES

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

- 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 Drangsong 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)

Status: Observation has been settled as Nu.27, 313.46 the differential amount was deposited with the RAA vide Receipt No. A00673 dated 02/11/2021.

- 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)

Status: Observation settled. The principal amount was updated to Nu. 53,189.00 based on the follow-up report ref. No.RAA/OAAG(T)FUS-02/2019-2020/0373 dated 08/12/2020 and Nu. 66,828.70 was deposited with the RAA vide Receipt No. A00691 dated 24/11/2021 inclusive of 24% pa penal interest.

5. SHORTFALLS, LAPSES AND DEFICIENCIES

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

Sl. No.	Observation in Brief	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
5.1	Payments without completion of works	0.437	0.437	-
5.2	Differences in Budgetary release and expenditure	1.665	1.665	-
5.3	Excess Booking	2.512	2.512	-
5.4	Non-adjustment of PWA	3.500	3.500	-
	Total	8.114	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)

Status: Observation has been settled vide follow-up report ref. No. RAA/FUCD(N7)/DoAT-LC/MoIC/ 2021/1692 date 15/09/2021 as the work was insured with the Bhutan Insurance Company.

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)

Status: Observation has been settled vide follow-up report No. RAA/FUCD/(N7)/DoAT-LC/MoIC/2021/1843 date 08/10/2021.

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)

Status: Observation has been settled vide follow-up report No. RAA/FUCD/(N7)/DoAT-LC/MoIC/2021/1843 date 08/10/2021.

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)

Status: Observation has been settled vide follow-up report No. RAA/FUCD(N7)/DoAT-LC/MoIC/ 2021/1692 date 15/09/2021.

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 amounting to Nu. 0.634 million as summarized below was reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Ministry of Labour and Human Resources, however, the irregularities of Nu.0.634 million reported to the Parliament in June 2021 remained unsettled as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	0.634	-	0.634	-
	Total	0.634	-	0.634	-

The details of unsettled irregularity reported to the Parliament in June 2021 which remained unsettled as on 31 March 2022 is as discussed below.

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)*

Status: Observation not settled as of 31 March 2022. The amount stands recoverable.

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 amounting to Nu. 345.813 million as summarized below was reported in the 5th Session of the third Parliament in June 2021.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Ministry of Works and Human Settlement and out of the total irregularities of Nu.345.813 million reported to the Parliament in June 2021; irregularities of Nu.45.322 million were settled leaving a balance of Nu.300.491 million as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	79.908	37.157	42.751	46
5	Shortfalls, lapses and deficiencies	265.905	8.165	257.740	3
	Total	345.813	45.322	300.491	13

The details of unsettled irregularity reported to the Parliament in June 2021, irregularities resolved thereafter and the unresolved ones as on 31 March 2022 are as discussed below.

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 42.751 MILLION

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

Sl. No.	Observation in Brief	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
4.1	Expenditure without Release	9.436	-	9.436
4.2	Non-production of acknowledgement receipts for remittances	2.858	-	2.858
4.3	Non-Recovery of dues after contract termination	22.914	-	22.914
4.4	Short Levy of Liquidity Damages	44.700	37.157	7.543
	Total	79.908	37.157	42.751

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)*

Status: Observation not settled as of 31 March 2022. The amount of Nu.9.436 million stands recoverable.

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)

Status: Observation not settled as of 31 March 2022. The requisite documents needed to be furnished.

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)

Status: Observation not settled as of 31 March 2022. A reminder letter has been served vide letter No.RAA/Fus-01/2021/510 dated 15/04/202.

- b) The RO, DoR, Lobesa had not recovered advances and dues amounting to Nu. 17.007 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)

Status: Observation not settled as of 31 March 2022. The amounts stand recoverable.

4.4 SHORT/NON-LEVY OF LIQUIDATED DAMAGES - NU. 7.543 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 Chophel, AE, EID No. 2107153 & M/s Rinson Construction Pvt. Ltd., CDB No. 1965 Supervisory: Ugyen Dorji, Chief Engineer, EID No. 9107094)

Status: Observation has been settled as per the decision of the 12th Audit Advisory Committee Meeting based on the additional information/details sought from DoR, Trongsa.

- 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 Chophel, AE, EID No. 2107153 & M/s Gyalcon Infrastructure Pvt. Ltd., CDB No. 1653 Supervisory: Ugyen Dorji, Chief Engineer, EID No. 9107094)

Status: Observation has been settled as per the decision of the 12th Audit Advisory Committee Meeting based on the additional information/details sought from DoR, Trongsa.

- 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)

Status: Observation has been settled as per the decision of the 12th Audit Advisory Committee Meeting based on the additional information/details sought from DoR, Trongsa.

- 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)

Status: Observation has been settled as per the decision of the 12th Audit Advisory Committee Meeting based on the additional information/details sought from DoR, Trongsa.

- 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)

Status: Observation has been settled as per the decision of the 12th Audit Advisory Committee Meeting based on the additional information/details sought from DoR, Trongsa.

- 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)

Status: Observation has been settled as per the decision of the 12th Audit Advisory Committee Meeting based on the additional information/details sought from DoR, Trongsa.

- 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)

Status: Observation has been settled as per the decision of the 12th Audit Advisory Committee Meeting based on the additional information/details sought from DoR, Trongsa.

- 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 Lingmithang 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)

Status: Observation not settled. A remained letter has been served vide letter No.RAA/Fus-01/2021/510 dated 15/04/2021.

- 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)

Status: Observation not settled as of 31 March 2022. The amount stands recoverable.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 257.740 MILLION

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

Sl. No.	Observation in Brief	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
5.1	Non Reconciliation of financial statement	28.933	-	28.933
5.2	Excessive Balance in Non-revenue Account	50.593	-	50.593
5.3	Huge Outstanding Advances	161.123	6.350	154.773
5.4	Adjustment of Performance Security without Bank Guarantee	7.900	-	7.900
5.5	Excess Payment to contractor	3.548	0.807	2.741
5.6	Inadmissible payment of price adjustment	0.821	0.438	0.383
5.7	Non-forfeiture of Performance Security	5.480	-	5.480
5.8	Non-recovery of insurance premium	0.249	-	0.249
5.9	Short Recoveries	3.178	0.570	2.608
5.10	Non-rectification of damaged work	0.242	-	0.242

5.11	Payment against collapsed retaining wall	0.539	-	0.539
5.12	Amount not recovered from contractors	3.300	-	3.300
Total		265.905	8.165	257.740

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)

Status: Observation not settled as of 31 March 2022. A reminder letter has been served vide letter No.RAA/BT/Fus-01/2021/07/07/2021.

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)

Status: Observation not settled as of 31 March 2022. A reminder letter has been served vide letter No.RAA/BT/Fus-01/2021/07/07/2021.

5.3 OUTSTANDING ADVANCE - NU. 154.773 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)

Status: Observation not settled as of 31 March 2022. A reminder letter has been served vide letter No.RAA/BT/Fus-01/2021/07/07/2021.

- 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)

Status: Observation not settled as of 31 March 2022. A reminder letter has been served vide letter No.RAA/BT/Fus-01/2021/07/07/2021.

- 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)

Status: Observation not settled as of 31 March 2022. A reminder letter has been served vide letter No.RAA/BT/Fus-01/2021/07/07/2021.

- 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)

Status: Observation not settled as of 31 March 2022. A reminder letter has been served vide letter RAA/Fus-01/2021/510 dated 15/04/2021.

- e) The RO, DoR, Tingtibi had outstanding advances amounting to Nu. 55.163 million against various contractors. The major outstanding advances pertains 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)

Status: Observation partially settled. Out of Nu.55.163 million, a sum of Nu.6.350 million is adjusted vide letter No.DoR/RO-Tingtibi/2020-2021/Mtc-16/655 dated 21/01/2021 leaving the balance amount of Nu.48.813 million.

- 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 was 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)

Status: Observation not settled as of 31 March 2022. The amount stands recoverable.

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 was effected without the proof of realisations of the amount and accountal 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)

Status: Observation not settled. A reminder letter has been served vide letter No.RAA/BT/Fus-01/2021/07/07/2021.

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)

Status: Observation not settled. A reminder letter has been served vide letter No.RAA/BT/Fus-01/2021/07/07/2021

- 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 Baily Bridge on Therang-Shingkhar 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)

Status: Observation has been settled as per review conducted vide letter No. No.RAA/BT/Fus-04/2021/13 dated 07/08/2020 based on the decision taken in the Division Coordination Meeting held on 28th March 2021.

- 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)

Status: Observation not settled as of 31 March 2022. A reminder letter has been served vide letter No.RAA/BT/Fus-01/2021/741 dated 20/05/2021.

- 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)

Status: Observation has been settled as an amount of Nu.0.155 million was deposited with the RAA vide receipt No.A00616 of 6/8/2021 inclusive of 24% pa penalty.

- 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)

Status: Observation not settled as of 31 March 2022. The amount stands recoverable.

- 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)

Status: *Observation partially settled. Out of the total amount of Nu.0.775 million; Nu. 0.352 million was deposit with the RAA leaving a balance of Nu.0.423 million as of 31 March 2022. (Nu.301,386.39 Rt.No. A00526 dated 25/01/2021; Nu.18,600.97 Rt. No.A00529 dated 28/01/2021 & Nu. 32,014.69Rt. No. A00569 dated 05/04/2021).*

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 up gradation work from Lingmithang 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)*

Status: *Observation partially settled. Out of Nu.0.821 million; Nu.0.438 million was deposited with the RAA vide R/No.03227 dated 07/12/2020 leaving a balance of Nu. 0.383 million as of 31 March 2022.*

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)*

Status: *Observation not settled as of 31 March 2022. A reminder has been served vide letter No.RAA-BT/Fus-01/2021/510 dated 15/04/2021.*

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)*

Status: Observation not settled as of 31 March 2022. A reminder has been served vide letter No.RAA-BT/Fus-01/2021/510 dated 15/04/2021.

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)

Status: Observation not settled as of 31 March 2022. A reminder has been served vide letter No.RAA/BT/Fus-01/2021/741 dated 20/05/2021.

- 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)

Status: Observation not settled as of 31 March 2022. A reminder has been served vide letter No.RAA/BT/Fus-01/2021/741 dated 20/05/2021.

- 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)

Status: Observation partially settled. An amount of Nu.0.570 million was deposited with the RAA vide Rt. N.01544 dated.24/08/2021, however, 24% penalty balance of Nu.0.145 million stands recoverable.

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 Engineer, 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)

Status: Observation not settled as of 31 March 2022. The amount of Nu. 0.242 million stands recoverable.

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)

Status: Observation not settled as of 31 March 2022. The amount stands recoverable.

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 contractors 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)

Status: Observation not settled as of 31 March 2022. The amount stands recoverable.

3.2. DZONGKHAG ADMINISTRATIONS

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

3.2.1 BUMTHANG DZONGKHAG

The significant unresolved irregularities amounting to Nu. 2.715 million against Bumthang Dzongkhag was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Dzongkhag and out of the total irregularities of Nu.2.715 million reported to the Parliament in June 2021; irregularities of Nu.0.550 million were settled leaving a balance of Nu.2.165 million as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	2.715	0.550	2.165	20
	Total	2.715	0.550	2.165	20

The details of unsettled irregularity reported to the Parliament in June 2021, irregularities resolved thereafter and the unresolved ones as on 31 March 2022 are as discussed below.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 2.165 MILLION

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

Sl. No.	Observation in Brief	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
5.1	Non-deduction of voids	0.250	-	0.250
5.2	Overpayment due to incorrect rate analysis	0.520	-	0.520
5.3	Excess payment	1.868	0.550	1.318
5.4	Non-installation of projector components	0.077	-	0.077
	Total	2.715	0.550	2.165

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 Yarphel 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)

Status: *Observation not settled. A reminder has been served vide letter No.RAA/Bt/Fus-01/2021/507 dated 14/04/202.*

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)*

Status: *Observation not settled. A reminder has been served vide letter No.RAA/Bt/Fus-01/2021/507 dated 14/04/202.*

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)*

Status: *Observation not settled. A reminder has been served vide letter No.RAA/Bt/Fus-01/2021/507 dated 14/04/202.*

- 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)*

Status: *Observation not settled. A reminder has been served vide letter No.RAA/Bt/Fus-01/2021/507 dated 14/04/202.*

- 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)

Status: Observation has been settled. For observation No.5.2, a sum of Nu.0.162 million was deposited with the RAA vide R/No.03389 dated 19/01/2021 & observation No.5.3 was settled based on the re-valuation done by the Dzongkhag Committee vide letter No.JKD/Municipal/2021/1303 dated 27/01/2021.

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 Yarphel Builders, Zhemgang, CDB No. 7963; Supervisory: Yeshey Dorji, Dzongkhag Engineer, EID No. 9307013)

Status: Observation not settled. A reminder has been served vide letter No.RAA/Bt/Fus-01/2021/507 dated 14/04/2021.

3.2.2 CHUKHA DZONGKHAG

The significant unresolved irregularities amounting to Nu. 2.954 million against Chukha Dzongkhag was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Dzongkhag and out of the total irregularities of Nu.2.954 million reported to the Parliament in June 2021; irregularities of Nu.0.250 million was settled leaving a balance of Nu.2.704 million as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	0.250	0.250	-	100
5	Shortfalls, lapses and deficiencies	2.704	-	2.704	-
	Total	2.954	0.250	2.704	8.46

The details of unsettled irregularity reported to the Parliament in June 2021, irregularities resolved thereafter and the unresolved ones as on 31 March 2022 are as discussed below.

4. NON-COMPLIANCE TO LAWS AND RULES

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)*

Status: *Observation has been settled as the amount was recovered and deposited vide Jrnl no.290467858 dated 13/11/2021.*

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	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
5.1	Non recovery of outstanding advances upon termination of contract	1.642	-	1.642
5.2	Double payment in slab reinforcement	0.171	-	0.171
5.3	Excess payments	0.891	-	0.891
	Total	2.704	-	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)*

Status: *Observation not settled as of 31 March 2022. The amount of Nu.1.642 million stands recoverable.*

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)*

Status: *Observation not settled as of 31 March 2022. The amount of Nu.0.171 million stands recoverable.*

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)*

Status: *Observation not settled as of 31 March 2022. The amount of Nu.0.239 million stands recoverable.*

- c) 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)

Status: *Observation not settled as of 31 March 2022. The amount of Nu.0.128 million stands recoverable.*

- d) 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).*

Status: *Observation not settled as of 31 March 2022. The amount of Nu.0.283 million stands recoverable.*

- e) 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)*

Status: *Observation not settled as of 31 March 2022. The amount of Nu.0.241 million stands recoverable.*

3.2.3 LHUENTSE DZONGKHAG

The significant unresolved irregularities amounting to Nu. 8.204 million against Lhuntse Dzongkhag was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Dzongkhag and out of the total irregularities of Nu.8.204 million reported to the Parliament in June 2021; irregularities of Nu.6.087 million was settled leaving a balance of Nu.2.117 million as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	3.430	1.313	2.117	38
5	Shortfalls, lapses and deficiencies	4.774	4.774	-	100
	Total	8.204	6.087	2.117	74.20

The details of unsettled irregularity reported to the Parliament in June 2021, irregularities resolved thereafter and the unresolved ones as on 31 March 2022 are as discussed below.

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 2.117 MILLION

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

Sl. No.	Observation in Brief	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
4.1	Non-refund of security deposit	0.722	0.722	-
4.2	Payment made against photocopied bills	2.117	-	2.117
4.3	Inadmissible grant of time extension	0.591	0.591	-
	Total	3.430	1.313	2.117

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)

Status: Observation has been settled as per the letter No.LDA/Accts-01/2021/3464 dated 15/06/2021 since the amount of Nu.0.722 million was refunded to the concerned contractors by the Dzongkhag.

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)

Status: Observation not settled. A reminder has been served vide letter No.RAA/Bt/Fus-01/2021/504 dated 14/04/2021.

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 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; Sithar 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, Dzongdag, EID No. 9101142; Sithar Tshering, Gup, CID No. 10603002043)

Status: Observation has been settled as the amount of Nu.0.591 million was deposited with the RAA vide R/No.02092 dated 16/09/2021.

5. SHORTFALLS, LAPSES AND DEFICIENCIES

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)

Status: Observation has been settled vide letter No.LDA/Accts/01/2022/1021 dated 07/10/2021 based on the handing/taking over note between the Procurement Officer, Dzongkhag & Nagtshang Lama, Wangchuck Heritage Centre Incharge Lhuentse as the materials were reported entered in Stock Registers.

3.2.4 MONGAR DZONGKHAG

The significant unresolved irregularities amounting to Nu. 0.230 million against Mongar Dzongkhag was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Dzongkhag and all the irregularities were settled as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	0.230	0.230	-	100
	Total	0.230	0.230	-	100

The details of unsettled irregularity reported to the Parliament in June 2021 which were settled as on 31 March 2022 are as discussed below.

5. SHORTFALLS, LAPSES AND DEFICIENCIES

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

Sl. No.	Observation in Brief	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
5.1	Inadmissible payment of TA/DA	0.137	0.137	-
5.2	Excess disbursement of stipend	0.093	0.093	-
	Total	0.230	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)*

Status: *Observation has been settled as the amount was deposited with the RAA vide R/No.03380 dated 16/12/2020.*

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)

Status: Observation has been settled as the amount was deposited with the RAA vide R/No.02144 dated 15/12/2021.

3.2.5 PARO DZONGKHAG

The significant unresolved irregularities amounting to Nu. 1.956 million against Paro Dzongkhag was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Dzongkhag, however, the irregularities could not be resolved as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	1.572	-	1.572	-
5	Shortfalls, lapses and deficiencies	0.384	-	0.384	-
	Total	1.956	-	1.956	-

The details of unsettled irregularity reported to the Parliament in June 2021 which remained unresolved as on 31 March 2022 are as discussed below.

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	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
4.1	Payment without rate analysis	0.282	-	0.282
4.2	Non-recovery of positive difference	1.215	-	1.215
4.3	Payment for works not executed	0.075	-	0.075
	Total	1.572	-	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)

Status: Observation not settled. A follow-up report has been sent vide letter No. RAA/FUCD(Q2)ParoDz/2021/798 dated 18/05/2021.

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).

Status: Observation not settled. A follow-up report has been sent vide letter No. RAA/FUCD(Q2)ParoDz/2021/798 dated 18/05/2021.

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 Dzungda'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).

Status: Observation not settled. A follow-up report has been sent vide letter No. RAA/FUCD(Q2)ParoDz/2021/798 dated 18/05/2021.

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 Dzungda'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)

Status: Observation not settled. A follow-up report has been sent vide letter No. RAA/FUCD(Q2)ParoDz/2021/798 dated 18/05/2021.

- c) 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).

Status: Observation not settled. A follow-up report has been sent vide letter No. RAA/FUCD(Q2)ParoDz/2021/798 dated 18/05/2021.

3.2.6 PEMAGATSHEL DZONGKHAG

The significant unresolved irregularities amounting to Nu. 11.545 million against Pemagatshel Dzongkhag was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Dzongkhag and out of the total irregularities of Nu.11.545 million reported to the Parliament in June 2021; irregularities of Nu.4.464 million was settled leaving a balance of Nu.7.081 million as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
1	Fraud and Corruption	2.059	-	2.059	-
4	Non-Compliance to laws and rules	1.823	1.823	-	100
5	Shortfalls, lapses and deficiencies	7.663	2.641	5.022	34.46
	Total	11.545	4.464	7.081	38.67

The details of unsettled irregularity reported to the Parliament in June 2021, irregularities resolved thereafter and the unresolved ones as on 31 March 2022 are as discussed below.

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)

Status: Observation not settled as of 31 March 2022. A follow-up report has been sent vide letter No. RAA/OAAG-SJ(AR-30)/DA-Pgatshel/2021/1129 dated 6/10/2021.

4. NON-COMPLIANCE TO LAWS AND RULES

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)

Status: Observation has been settled vide review ref. No. RAA/OAAG-SJ(AR-30))PDC-Pemagatshel/2021/505 dated 7.4.2021 based on the justifications provided vide letter No. PDCP/adm-20/2020-2021/271 dated 2/04/2021.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 5.022 MILLION

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

Sl. No.	Observation in Brief	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
5.1	Excess payment	0.511	0.511	-
5.2	Payment of price adjustment based on Consumer Price Index	1.564	-	1.564
5.3	Wasteful expenditure	5.588	2.130	3.458
	Total	7.663	2.641	5.022

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)*

Status: *Observation has been settled as the amount was deposited with the RAA vide receipt No. A01307 dated 19.11.2021.*

- c) 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)*

Status: *Observation partially settled. An amount of Nu. 0.089 million along with 24% pa penalty was deposited with the RAA vide receipt No. A01307 dated 19/11/2021. However, administrative action against the accountable officials was not taken so the observation remained unresolved.*

- d) 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).*

Status: Observation has been settled as an amount of Nu. 0.176 million was deposited with the RAA vide receipt N. A01307 dated 19/11/2021 along with 24% pa penalty.

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).

Status: Observation not settled as of 31 March 2022. The further action taken by the Dzongkhag has not been furnished to audit.

5.3 WASTEFUL EXPENDITURE - NU. 3.458 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).

Status: Observation has been settled vide review letter No. RAA/OAAG-SJ(AR-30)/DA-Pgatshel/2021/595 dated 21/4/2012 as the issue was deliberated during the review meeting held on 26/05/2020 at RAA Headquarter in which the assurances provided by Dzongkhag Administration for avoiding such lapses was considered.

- 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)

Status: Observation not settled as of 31 March 2022. Further action taken by the Dzongkhag has not been furnished to audit.

3.2.7 SAMDRUPJONGKHAR DZONGKHAG

The significant unresolved irregularities amounting to Nu. 7.850 million against Samdrupjongkhar Dzongkhag was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Dzongkhag, however, the irregularities could not be settled as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	7.850	-	7.850	-
	Total	7.850	-	7.850	-

The details of unsettled irregularity reported to the Parliament in June 2021 which remained unsettled as on 31 March 2022 are as discussed below.

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	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
5.1	Excess payment	3.115	-	3.115
5.2	Non-realization of 20% penalty upon termination of contract	2.663	-	2.663
5.3	Underutilization of properties	2.072	-	2.072
	Total	7.850	-	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)

Status: Observation not settled as of 31 March 2022. As per the assurance letter submitted to RAA vide letter No. NIL dated 17/03/2022 90% of the works was completed and remaining works to be completed within 45 days. from the submission of the above letter.

- 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)

Status: Observation not settled as of 31 March 2022. As per the assurance letter submitted to RAA vide letter No. NIL dated 17/03/2022 90% of the works was completed and remaining works to be completed within 45 days from the submission of the above letter.

- 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)

Status: Observation not settled as of 31 March 2022.

- 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)

Status: Observation not settled as of 31 March 2022.

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)

Status: Observation not settled as of 31 March 2022. As per the assurance letter submitted to RAA vide letter No. NIL dated 17/03/2022 90% of the works was completed and remaining works to be completed within 45 days from the submission of the above letter.

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).

Status: Observation not settled. As per letter No. SDA/IAU-03/2020-2021/1506 dated 19/10/2020, the Backhoe loader which was left idle for 3-4 months due to resignation of driver was hired by Gomdar Gewog but unfortunately after 2-3 weeks of work execution (clearing farm road blockages) the machine broke down. It was stated that the dynamo was burnt. Accordingly, the Gewog handed over the damaged dynamo to ADAO whereby the office consulted CMU, Bumthang, Lhawang Yugyel Construction and Druk Trading but could not get the Dynamo. Later work order has been placed to Druk Trading Centre to supply the dynamo with the sample photograph but till now the supplier could not supply the item.

3.2.8 TRASHIGANG DZONGKHAG

The significant unresolved irregularities amounting to Nu.0.834 million against Trashigang Dzongkhag was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Dzongkhag and the irregularity was resolved as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	0.834	0.834	-	100
	Total	0.834	0.834	-	100

The details of unsettled irregularity reported to the Parliament in June 2021 which got resolved as on 31 March 2022 are as discussed below.

5. SHORTFALLS, LAPSES AND DEFICIENCIES

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)

Status: *Observation has been settled based on the justifications provided vide letter No. TDA/IAS-03/2020-2021/1140 dated 29/7/2021 which was reviewed by audit team and the evidences were found sufficient and reliable enough.*

3.2.9 TRASHIYANGTSE DZONGKHAG

The significant unresolved irregularities amounting to Nu. 22.845 million against Trashiyangtse Dzongkhag was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Dzongkhag, however, irregularities could not be resolved as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
3	Mismanagement	9.911	-	9.911	-
4	Non-Compliance to laws and rules	4.440	-	4.440	-
5	Shortfalls, lapses and deficiencies	8.494	-	8.494	-
	Total	22.845	-	22.845	

The details of unsettled irregularity reported to the Parliament in June 2021 which remained unresolved as on 31 March 2022 are as discussed below.

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)

Status: Observation not settled. As per the letter No. Nil dated 29/03/2022, 732 numbers of DI pipe are still with the Dzongkhag Administration and could not be utilized or dispose till date.

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	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
4.1	Short recovery of liquidated damages	0.417	-	0.417
4.2	Execution of substandard works	3.180	-	3.180
4.3	Irregular booking in closed work account	0.843	-	0.843
	Total	4.440	-	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)

Status: Observation not settled. The Dzongkhag Administration, Trashiyangtse informed the RAA that it has written a reminder letter to the proprietor vide letter No. Yangdzong/Zorig(05)/2019-2020/048 dated 06/07/2021 asking to deposit the LD amount. However, the proprietor failed to deposit the amount till date.

4.2 EXECUTION OF SUBSTANDARD 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)

Status: Observation not settled. As intimated by the Dzongkhag vide letter No. Nil dated 29/03/2022, the rectification of the non-achievement of width of the farm road is ongoing and once the work is completed, a comprehensive report on the same shall be submitted to RAA.

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 Chortenkorra 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)

Status: Observation not settled. As informed by the Dzongkhag vide letter No. Yangdzong/Zorig(05)2021-2022/9414 dated 29/03/2022 the firm has been reminded to settle the observation at the earliest.

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	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
5.1	Excess interim bill payments to contractor	6.397	-	6.397
5.2	Non-realization of 20% penalty upon termination of contract	2.097	-	2.097
	Total	8.494	-	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)

Status: Observation not settled. As intimated by the Dzongkhag vide letter No. Nil dated 29/03/2022, the recoverable amount for the flood protection works including 20% penalty upon termination of contract (Ob. No. 4.2) amounted to Nu. 32,47,659.57 which was endorsed and approved by DTC, Dzongkhag Administration, Trashiyangtse vide letter No. Yangdzong/Zorig(15)2020-

2021/777 of 15/10/2020. The contractor was reminded to refund the amount. However, the amount remained unrecovered as of 31 March 2022.

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)

Status: *Observation not settled. As intimated by the Dzongkhag vide letter No. Nil dated 29/03/2022, the recoverable amount for the flood protection works including 20% penalty upon termination of contract (Ob. No. 4.2) amounted to Nu. 32,47,659.57 which was endorsed and approved by DTC, Dzongkhag Administration, Trashiyangtse vide letter No. Yangdzong/Zorig(15)2020-2021/777 of 15/10/2020. The contractor was reminded to refund the amount. However, the amount remained unrecovered as of 31 March 2022.*

3.3 DUNGKHAG ADMINISTRATIONS

3.3.1 DUNGKHAGS UNDER SAMTSE DZONGKHAGS

I. DOROKHA DUNGKHAG

The significant unresolved irregularities amounting to Nu.3.949 million against Dorokha Dungkhag was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Dungkhag and out of the total irregularities of Nu.3.949 million reported to the Parliament in June 2021; irregularities of Nu.3.428 million was settled leaving a balance of Nu.0.521 million as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	3.949	3.428	0.521	86.81
	Total	3.949	3.428	0.521	86.81

The details of unsettled irregularity reported to the Parliament in June 2021, irregularities resolved thereafter and the unresolved ones as on 31 March 2022 are as discussed below.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 3.949 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 3.949 million are as indicated below:

Sl. No.	Observation in Brief	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
5.1	Inadmissible payment of vacation salary	0.265	0.265	-
5.2	Inadmissible payment of allowances	2.350	2.350	-
5.3	Non-reconciliation of funds	0.521	-	0.521
5.4	Excess payment	0.813	0.813	-
	Total	3.949	3.428	0.521

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)

Status: Observation has been settled vide follow-up letter ref. No. RAA/OAAG-Pling/FUS/Dop-Drung-B3/2021/960 dated 10/9/2021.

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)

Status: Observation has been settled vide follow-up letter ref. No. RAA/OAAG-Pling/FUS/Dop-Drung-B3/2021/960 dated 10/9/2021.

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)

Status: *Observation not settled as of 31 March 2022. The amount stands recoverable.*

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)*

Status: *Observation has been settled as an amount of Nu. 0.331 million along with 24% pa penalty was recovered and deposited with OAAG, Pling.*

- 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)*

Status: *Observation partially settled. The principal amount of Nu.0.367 million was recovered, however, 24% pa accumulated penalty of Nu. 0.074 million remained unrecovered.*

- 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)*

Status: *Observation has been settled as an amount of Nu. 0.225 million was deposited with the RAA vide receipt No.01561 dated 3/9/2021 and 01565 dated 3/9/2021 respectively.*

II. TASHICHOLING DUNGKHAG

The significant unresolved irregularities amounting to Nu.11.894 million against Tashichholing Dungkhag was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Dungkhag and out of the total irregularities of Nu.11.894 million reported to the Parliament in June 2021; irregularities of Nu.0.727 million was settled leaving a balance of Nu.11.167 million as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	0.880	-	0.880	-
5	Shortfalls, lapses and deficiencies	11.014	0.727	10.287	6.60
	Total	11.894	0.727	11.167	6.11

The details of unsettled irregularity reported to the Parliament in June 2021, irregularities resolved thereafter and the unresolved ones as on 31 March 2022 are as discussed below.

4. NON-COMPLIANCE TO LAWS AND RULES – NU.0.880 MILLION

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

Sl. No.	Observation in Brief	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
4.1	Non-rectification of defective work	0.743	-	0.743
4.2	Acceptance of defective work	0.137	-	0.137
	Total	0.880	-	0.880

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

The Dungkhag Administration, Tashichholing 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)*

Status: Observation not settled as of 31 March 2022. Rectification report duly endorsed by the Dungkhag Tender Committee is awaited in RAA.

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)

Status: Observation not settled as of 31 March 2022. Rectification report duly endorsed by the Dungkhag Tender Committee is awaited in RAA.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 10.287 MILLION

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

Sl. No.	Observation in Brief	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
5.1	Excess payment	4.079	0.727	3.352
5.2	Shortages of materials	0.080	-	0.080
5.3	Inadmissible payment of vacation salary	0.239	-	0.239
5.4	Inadmissible payment of allowances	6.616	-	6.616
	Total	11.014	0.727	10.287

5.1 EXCESS PAYMENT - NU. 4.079 MILLION

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

- a) Excess of Nu. 0.119 million was made 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)

Status: Observation partially settled. Excess payment of Nu.0.119 million was deposited with the RAA vide receipt No.01882 dated. 14/03/2022. However, the liquidated damages of Nu. 1.369 million was not recovered as of 31 March 2022.

- 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)

Status: Observation not settled as of 31 March 2022. The amount of Nu. 1.615 million stands recoverable.

- 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)

Status: Observation not settled as of 31 March 2022. The amount of Nu. 0.145 million stands recoverable.

- 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)

Status: Observation has been settled as a total of Nu. 0.519 million was recovered and deposited with the RAA vide receipt No.428925 dated 25/2/2021 and 01511 dated 20/8/2021.

- 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)

Status: Observation has been settled as a total amount of Nu. 0.153 million along with accumulated 24% pa penalty was deposited with the RAA vide Rt. No.02150 dated 10/02/2022.

- 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)

Status: Observation not settled as of 31 March 2022. The amount of Nu.0.156 million stands recoverable along with 24% pa penalty.

- 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)

Status: Observation not settled as of 31 March 2022. The amount of Nu.0.067 million stands recoverable along with 24% pa penalty.

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)

Status: Observation not settled as of 31 March 2022. The amount of Nu.0.080 million stands recoverable along with 24% pa penalty.

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)

Status: Observation not settled as of 31 March 2022. The amount of Nu.0.239 million stands recoverable along with 24% pa penalty.

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)

Status: Observation not settled as of 31 March 2022. The amount of Nu.6.616 million stands recoverable along with 24% pa penalty.

3.3.2 DUNGKHAGS UNDER SAMDRUP JONGKHAR DZONGKHAG

I. SAMDRUPCHOLING DUNGKHAG

The significant unresolved irregularities amounting to Nu.2.128 million against Samdrupcholing Dungkhag was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Dungkhag and all the irregularities were settled as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
3	Mismanagement	1.948	1.948	-	100
4	Non-Compliance to laws and rules	0.180	0.180	-	100
	Total	2.128	2.128	-	100

The details of unsettled irregularity reported to the Parliament in June 2021 which were settled as on 31 March 2022 are as discussed below.

3. MISMANAGEMENT

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)

Status: Observation has been settled based on the justification submitted vide letter No. DoA/Eng-41/835 dtd. 02/08/2021 as the Irrigation Channel will be constructed by De-suung National Service.

4. NON-COMPLIANCE TO LAWS AND RULES

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)

Status: Observation has been settled as the account was settled vide Vr. No. 6.140 of 26/6/20 and Vr. No. 6.153 of 27/6/20.

3.3.3 DUNGKHAGS UNDER PEMAGATSHEL DZONGKHAG

I. NGANGLAM DUNGKHAG

The significant unresolved irregularities amounting to Nu.16.805 million against Nganglam Dungkhag was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Dungkhag and out of the total irregularities of Nu.16.805 million reported to the Parliament in June 2021; irregularities of Nu.8.305 million was settled leaving a balance of Nu.8.500 million as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
3	Mismanagement	11.719	6.764	4.955	57.72
4	Non-Compliance to laws and rules	0.118	-	0.118	-
5	Shortfalls, lapses and deficiencies	4.968	1.541	3.427	31.02
	Total	16.805	8.305	8.500	49.42

The details of unsettled irregularity reported to the Parliament in June 2021, irregularities resolved thereafter and the unresolved ones as on 31 March 2022 are as discussed below.

3. MISMANAGEMENT – NU. 4.955 MILLION

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

Sl. No.	Observation in Brief	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
3.1	Inadmissible payment	6.764	6.764	-
3.2	Unauthorised diversion of fund	4.798	-	4.798
3.3	Cost escalation due to change in scope of work	0.157	-	0.157
	Total	11.719	6.764	4.955

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; Yeshe Dorji, DE, EID. No. 9807057; M/s UR Architect, CDB. No. 153; Supervisory: Dasho Sonam Tobgay, Secretary, MoHCA, EID No. 8607089)

Status: Observation has been settled vide follow-up report reference No. RAA/OAAG-SJ(AR-141)DA-Nganglam//2021/1298 dated 22/11/2021 based on the justifications provided vide letter No. GA/DLO(2B)-2/562 dated 11/11/2021.

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)

Status: Observation not settled. A reminder has been sent vide letter No. RAA/OAAG-SJ/FUS-02/2021/360 dated 25/01/2021.

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)

Status: Observation not settled. A reminder has been sent vide letter No. RAA/OAAG-SJ/FUS-02/2021/360 dated 25/01/2021.

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	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
4.1	Non-levy of liquidated damages	-	-	Settled
4.2	Acceptance of Defective works	-	-	Not settled
4.3	Acceptance of substandard works	0.118		0.118
	Total	0.118	-	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)

Status: Observation has been settled vide follow-up report reference No. RAA/OAAG-SJ(AR-141)DA-Nganglam/2021/1313 dated 25/11/2021 based on the justification and supporting documents furnished vide letter No.PG/Accts-01/2021-2021/1722 dated 24/11/2021.

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)

Status: Observation not settled. A reminder has been sent vide letter No. RAA/OAAG-SJ/FUS-02/2021/360 dated 25/01/2021.

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)

Status: Observation not settled. A reminder has been sent vide letter No. RAA/OAAG-SJ/FUS-02/2021/360 dated 25/01/2021.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 3.427 MILLION

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

Sl. No.	Observation in Brief	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
5.1	Excess payment	0.798	-	0798
5.2	Irregular payment of price adjustment	1.541	1.541	-
5.3	Unreconciled differences in final work done	2.629	-	2.629
	Total	4.968	1.541	3.427

5.1 EXCESS PAYMENT - NU. 0.798 MILLION

- a) 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)

Status: Observation not settled. A reminder has been sent vide letter ref. No. RAA/OAAG-SJ/FUS-02/2021/360 dated 25/01/2021.

- b) 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)

Status: Observation not settled. A reminder has been sent vide letter ref. No. RAA/OAAG-SJ/FUS-02/2021/360 dated 25/01/2021.

- c) 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)

Status: Observation not settled. A reminder has been sent vide letter ref. No. RAA/OAAG-SJ/FUS-02/2021/360 dated 25/01/2021.

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)

Status: Observation has been settled as per the Supreme Court verdict No. Natshoang Nyentho (om20-10)2020/982 dated 26/06/2020. The payments were made to the contractor based on the worksheet as per AT award for ICP Construction, Pelzomthang, Nganglam of Dzongkhag Administration, Pemagatshel and Dungkhag Administration Nganglam's Vr. No.DV.12.32 dated 08/12/2020.

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. 20180111250; Tshelthrim, AE, EID No. 201801181; Supervisory: Sherub Zangpo, Dungpa, EID No. 200401075)

Status: Observation not settled. A reminder has been sent vide letter ref. No. RAA/OAAG-SJ/FUS-02/2021/360 dated 25/01/2021.

3.4 GEWOG ADMINISTRATIONS

3.4.1 GEWOGS UNDER BUMTHANG DZONGKHAGS

I. CHHOEKHOR

The significant unresolved irregularities amounting to Nu.1.490 million against Chhoekhor Gewog was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Gewog, however, the irregularities could not be resolved as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
3	Mismanagement	0.162		0.162	-
5	Shortfalls, lapses and deficiencies	1.328	-	1.328	-
	Total	1.490	-	1.490	-

The details of unsettled irregularity reported to the Parliament in June 2021 which remained unresolved as on 31 March 2022 are as discussed below.

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, Chhoekhor 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)

Status: Observation not settled as of 31 March 2022. A reminder has been sent vide letter No.RAA/BT/Fus-01/2021/511 dated 15/04/2021.

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	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
5.1	Non-refund of excess permit fee collection	0.411	-	0.411
5.2	Payment for works not executed	0.917	-	0.917
	Total	1.328	-	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)

Status: Observation not settled as of 31 March 2022. A reminder has been sent vide letter No.RAA/BT/Fus-01/2021/511 dated 15/04/2021.

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)

Status: Observation not settled as of 31 March 2022. A reminder has been sent vide letter No.RAA/BT/Fus-01/2021/511 dated 15/04/2021.

3.4.2 GEWOGS UNDER DAGANA DZONGKHAG

I. GOZHI

The significant unresolved irregularities amounting to Nu.1.715 million against Gozhi Gewog was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Gewog and the irregularity was resolved as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	1.715	1.715	-	100
	Total	1.715	1.715	-	100

The details of unsettled irregularity reported to the Parliament in June 2021 which got resolved as on 31 March 2022 is as discussed below.

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)

Status: Observation has been settled based on the follow-up report No. RAA/OAAG(T)FUS-02/2020-2021/0667 dated 14/06/2021.

II. LARGYAB

The significant unresolved irregularities amounting to Nu.0.118 million against Largyab Gewog was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Gewog and the irregularities was resolved as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	0.118	0.118	-	100
	Total	0.118	0.118	-	100

The details of unsettled irregularity reported to the Parliament in June 2021 which got resolved as on 31 March 2022 is as discussed below.

4. NON-COMPLIANCE TO LAWS AND RULES

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)

Status: Observation has been settled as the amount of Nu.0.118 million was deposited with the RAA vide receipt No. A00684 dated.18/11/2021.

III. KARNA

The significant unresolved irregularities amounting to Nu.0.791 million against Karna Gewog was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Gewog, however, the irregularities could not be resolved as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	0.791	-	0.791	-
	Total	0.791	-	0.791	-

The details of unsettled irregularity reported to the Parliament in June 2021 which remained unresolved as on 31 March 2022 are as discussed below.

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	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
4.1	Non-submission of details on procurement of HDPE Pipes	0.359	-	0.359
4.2	Deficiencies in refundable deposit account	0.432	-	0.432
	Total	0.791	-	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)

Status: Observation not settled as of 31 March 2022. A reminder has been sent vide letter No. RAA/OAAG(T)/FUS-02/2020-2021/0543 dated 14/04/2021.

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)

Status: Observation not settled as of 31 March 2022. A reminder has been sent vide letter No. RAA/OAAG(T)/FUS-02/2020-2021/0543 dated 14/04/2021.

IV. TRASHIDING

The significant unresolved irregularities amounting to Nu.0.192 million against Trashiding Gewog was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Gewog and the irregularities was resolved as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	0.192	0.192	-	100
	Total	0.192	0.192	-	100

The details of unsettled irregularity reported to the Parliament in June 2021 which got resolved as on 31 March 2022 is as discussed below.

4. NON-COMPLIANCE TO LAWS AND RULES

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)*

Status: *Observation has been settled vide follow-up report No. RAA/OAAG(T)FUS-02/2020-2021/669 dated 14/6/2021.*

V. TSHANGKHA

The significant unresolved irregularities amounting to Nu.1.007 million against Tshangkha Gewog was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Gewog, however, the irregularities could not be resolved as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	1.007	-	1.007	-
	Total	1.007	-	1.007	-

The details of unsettled irregularity reported to the Parliament in June 2021 which remained unresolved as on 31 March 2022 are as discussed below.

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	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
4.1	Payment of refundable deposit without obtaining release	0.445	-	0.445
4.2	Non-levy of liquidated damages	0.562	-	0.562
	Total	1.007	-	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)

Status: Observation not settled as of 31 March 2022. A reminder letter has been sent vide letter No. RAA/OAAG (T)/FUS-02/2020-2021/0543 dated 14/04/2021.

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)

Status: Observation not settled as of 31 March 2022. A reminder letter has been sent vide letter No. RAA/OAAG (T)/FUS-02/2020-2021/0543 dated 14/04/2021.

VI. TSHENDAGANG

The significant unresolved irregularities amounting to Nu.1.417 million against Tshendagang Gewog was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Gewog and the irregularities was resolved as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	1.417	1.417	-	100
	Total	1.417	1.417	-	100

The details of unsettled irregularity reported to the Parliament in June 2021 which got resolved as on 31 March 2022 is as discussed below.

4. NON-COMPLIANCE TO LAWS AND RULES

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)

Status: Observation has been settled vide follow-up report No. RAA/OAAG(T)FUS-02/2020-2021/668 dated 14/6/2021.

VII. TSEZA

The significant unresolved irregularities amounting to Nu.0.146 million against Tseza Gewog was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Gewog and the irregularities was settled as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	0.146	0.146	-	100
	Total	0.146	0.146	-	100

The details of unsettled irregularity reported to the Parliament in June 2021 which got resolved as on 31 March 2022 is as discussed below.

5. SHORTFALLS, LAPSES AND DEFICIENCIES

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)*)

Status: *Observation has been settled vide follow-up report No. OAAG (T)/FUS-01/2020-2021/511 dated 1/4/2021.*

3.4.3 GEWOGS UNDER GASA DZONGKHAG

I. LUNANA

The significant unresolved irregularities amounting to Nu.0.182 million against Lunana Gewog was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Gewog and out of the total irregularities of Nu.0.182 million reported to the Parliament in June 2021; irregularities of Nu.0.095 million was settled leaving a balance of Nu.0.087 million as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	0.182	0.095	0.087	52.20
	Total	0.182	0.095	0.087	52.20

The details of unsettled irregularity reported to the Parliament in June 2021, irregularities resolved thereafter and the unresolved ones as on 31 March 2022 are as discussed below.

5. SHORTFALLS, LAPSES AND DEFICIENCIES - NU. 0.087 MILLION

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

Sl. No.	Observation in Brief	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
5.1	Payment without receiving goods	0.095	0.095	-
5.2	Excess payment	0.087	-	0.087
	Total	0.182	0.095	0.087

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)

Status: Observation has been settled vide follow-up report No. RAA/OAAG(T)FUS-02/2020-2021/0088 dated 23/07/2020.

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)

Status: Observation not settled as of 31 March 2022. The amount stands recoverable.

II. KHAMAE

The significant unresolved irregularities amounting to Nu.0.066 million against Khamae Gewog was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Gewog and the irregularity was settled as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
3	Mismanagement	0.066	0.066	-	100
	Total	0.066	0.066	-	100

The details of unsettled irregularity reported to the Parliament in June 2021 which was settled as on 31 March 2022 is as discussed below.

3. MISMANAGEMENT

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)

Status: *Observation has been settled based on the explanation that CD account was usually operated to deposit the lease rent and use for other expenses as per the general practice.*

3.4.4 GEWOGS UNDER LHUENTSE DZONGKHAG

I. MAEDTSHO

The significant unresolved irregularities amounting to Nu.0.319 million against Maedtsho Gewog was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Gewog and the irregularity was settled as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	0.319	0.319	-	100
	Total	0.319	0.319	-	100

The details of unsettled irregularity reported to the Parliament in June 2021 which was settled as on 31 March 2022 is as discussed below.

4. NON-COMPLIANCE TO LAWS AND RULES

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)

Status: Observation has been settled as the amount was reported refunded to the contractor as per the letter No.MG/34/2021/293 dated 30/04/2021.

II. GANGZUR

The significant unresolved irregularities amounting to Nu.0.117 million against Gangzur Gewog was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Gewog and irregularity was settled as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	0.117	0.117	-	100
	Total	0.117	0.117	-	100

The details of unsettled irregularity reported to the Parliament in June 2021 which was settled as on 31 March 2022 is as discussed below.

4. NON-COMPLIANCE TO LAWS AND RULES

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)

Status: Observation has been settled as per the letter No.LDA/Accts-01/2021/3464 dated 15/06/2021 as the amount was reported refunded to the contractors.

3.4.5 GEWOGS UNDER MONGAR DZONGKHAG

I. TSAKALING

The significant unresolved irregularities amounting to Nu.4.132 million against Tsakaling Gewog was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Gewog and all the irregularities were resolved as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	4.132	4.132	-	100
	Total	4.132	4.132	-	100

The details of unsettled irregularities reported to the Parliament in June 2021 which were resolved as on 31 March 2022 are as discussed below.

4. NON-COMPLIANCE TO LAWS AND RULES

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

Sl. No.	Observation in Brief	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
4.1	Award of work in piecemeal basis	4.000	4.000	-
4.2	Inadmissible expenses	0.132	0.132	-
	Total	4.132	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)

Status: Observation has been settled based on the decision of the 9th Follow-up Committee Meeting held on 6 October 2021 as the works were completed and the case was closed as per the court verdict.

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)

Status: Observation has been settled based on the decision of the 9th Follow-up Committee Meeting held on 6 October 2021 as the works were completed and the case was closed as per the court verdict.

3.4.6 GEWOGS UNDER PARO DZONGKHAG

I. DOGAR

The significant unresolved irregularities amounting to Nu.2.419 million against Dogar Gewog was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Gewog and all the irregularities were settled as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	2.419	2.419	-	100
	Total	2.419	2.419	-	100

The details of unsettled irregularities reported to the Parliament in June 2021 which were settled as on 31 March 2022 are as discussed below.

4. NON-COMPLIANCE TO LAWS AND RULES

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

Sl. No.	Observation in Brief	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
4.1	Unauthorized withdrawal	2.175	2.175	-
4.2	Non-submission of details on procurement of HDPE pipes	0.244	0.244	-
	Total	2.419	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)

Status: Observation has been settled based on the justification submitted vide letter No. PD/Dogar (nYA-02)/Audit-25/2021-22/16 dated 26/09/2021.

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 Muktsen 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)

Status: Observation has been settled based on the justification submitted vide letter No. PD/Dogar (Nya-02)/Audit-25/2021-22/5054 dated 10/09/2021 and deposit of Nu.0.051 million with the RAA vide receipt No. 01644 dated 05/11/2021.

II. LAMGONG

The significant unresolved irregularities amounting to Nu.0.278 million against Lamgong Gewog was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Gewog, however, the irregularities could not be settled as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	0.278	-	0.278	-
	Total	0.278	-	0.278	-

The details of unsettled irregularities reported to the Parliament in June 2021 which remained unsettled as on 31 March 2022 are as discussed below.

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	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
4.1	Mismatched withdrawal amounts in cash book and bank statement	0.228	-	0.228
4.2	Non-submission of details on procurement of HDPE pipes	0.050	-	0.050
	Total	0.278	-	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)

Status: Observation not settled as of 31 March 2022. The amounts need to be reconciled.

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)

Status: Observation not settled as of 31 March 2022. The details of HDPE pipes procured should be submitted to DNP.

III. LUNGNYI

The significant unresolved irregularities amounting to Nu.2.219 million against Lungnyi Gewog was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Gewog and the irregularity was settled as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	2.219	2.219	-	100
	Total	2.219	2.219	-	100

The details of unsettled irregularity reported to the Parliament in June 2021 which got resolved as on 31 March 2022 is as discussed below.

4. NON-COMPLIANCE TO LAWS AND RULES

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)

Status: Observation has been settled based on the submission of the documents vide letter No. MOF/DNP/CPMD-02./2021-22/529 dated 3/11/2021.

IV. NAJA

The significant unresolved irregularities amounting to Nu.0.251 million against Naja Gewog was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Gewog and the irregularity was settled as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	0.251	-	0.251	-
	Total	0.251	-	0.251	-

The details of unsettled irregularity reported to the Parliament in June 2021 which got settled as on 31 March 2022 is as discussed below.

4. NON-COMPLIANCE TO LAWS AND RULES

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)

Status: Observation has been settled as per the letter No. FM/DNP/CPMD-05/2021-2022/585 dated 15/11/2021.

V. SHABA

The significant unresolved irregularities amounting to Nu.1.498 million against Shaba Gewog was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Gewog, however, the irregularities could not be settled as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	0.899	-	0.899	-
5	Shortfalls, lapses and deficiencies	0.599	-	0.599	-
	Total	1.498	-	1.498	-

The details of unsettled irregularities reported to the Parliament in June 2021 which were not resolved as on 31 March 2022 are as discussed below.

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	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
4.1	Payment made for work not executed	0.399	-	0.399
4.2	Acceptance of Substandard works	0.500	-	0.500
	Total	0.899	-	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: Chenchho Gyeltshen, Gup, CID No.10808001337; Chane Zangmo, Dzongkhag Engineer, EID No. 9901228)

Status: Observation not settled as of 31 March 2022. However, the amount was revised to Nu.0.219 million after the re-verification report issued submitted by the audit team on 18/3/202. The amount stands recoverable.

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)

Status: Observation not settled as of 31 March 2022. The amount needs to be recovered.

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)

Status: Observation not settled as of 31 March 2022. The amount needs to be recovered.

- 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)

Status: Observation not settled as of 31 March 2022. The amount needs to be recovered.

VI. TSHENTO

The significant unresolved irregularities amounting to Nu.17.983 million against Tshento Gewog was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Gewog and out of the total irregularities of Nu.17.983

million reported to the Parliament in June 2021; irregularities of Nu.6.634 million was settled leaving a balance of Nu.11.349 million as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	17.126	6.634	10.492	38.74
5	Shortfalls, lapses and deficiencies	0.857	-	0.857	-
Total		17.983	6.634	11.349	36.89

The details of unsettled irregularities reported to the Parliament in June 2021, irregularities resolved thereafter and the unresolved ones as on 31 March 2022 are as discussed below.

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 10.492 MILLION

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

Sl. No.	Observation in Brief	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
4.1	Payment made without supporting documents	0.202	-	0.202
4.2	Unauthorized diversion of fund	6.500	6.500	-
4.3	Variation in Bill of Quantities	3.065	-	3.065
4.4	Payment made for work less executed at site	0.134	0.134	-
4.5	Irregular adjustment of advance	7.225	-	7.225
Total		17.126	6.634	10.492

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)

Status: Observation not settled as of 31 March 2022. The amount needs to be recovered.

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 Shingkharab 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)

Status: Observation has been settled vide letter No. Tsento/ADM-12/2020-2021/1269 dated 25/06/21 as the Gewog had obtained approval from Gewog Tshogchung members.

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 Shingkharab 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)

Status: Observation not settled as of 31 March 2022. The amount needs to be recovered

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)

Status: Observation partially settled. The principal amount of Nu.0.134 million was deposited vide receipt No. A03025 dated 27/4/2021, however, the accumulated 24% pa penalty of of Nu. 0.023 million was left unrecovered.

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)

Status: Observation not settled as of 31 March 2022. The amount needs to be recovered.

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	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
5.1	Outstanding advance	0.084	-	0.084
5.2	Execution of substandard works	0.773	-	0.773
	Total	0.857	-	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)

Status: Observation not settled as of 31 March 2022. The amount needs to be recovered.

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)

Status: Observation not settled as of 31 March 2022. The amount needs to be recovered.

VII. DOPSHARI

The significant unresolved irregularities amounting to Nu.0.177 million against Dopshari Gewog was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Gewog and the irregularities were settled as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	0.177	0.177	-	100
	Total	0.177	0.177	-	100

The details of unsettled irregularity reported to the Parliament in June 2021 which were settled as on 31 March 2022 are as discussed below.

4. NON-COMPLIANCE TO LAWS AND RULES

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)

Status: Observation has been settled vide follow-up report reference No. RAA/FUCD(R10)2021/944 dated 04/06/2021.

- 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)

Status: Observation has been settled vide follow-up report reference No. RAA/FUCD(R10)2021/944 dated 04/06/2021.

3.4.7 GEWOGS UNDER PEMAGATSHEL

I. SHUMAR

The significant unresolved irregularities amounting to Nu.0.063 million against Shumar Gewog was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Gewog and the irregularity was settled as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	0.063	0.063	-	100
	Total	0.063	0.063	-	100

The details of unsettled irregularity reported to the Parliament in June 2021 which was settled as on 31 March 2022 is as discussed below.

5. SHORTFALLS, LAPSES AND DEFICIENCIES

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)*

Status: *Observation has been settled as the amount of Nu.0.086 million was deposited with the RAA vide receipt No. A01343 dated 31/12/2021 along with the accumulated 24% pa penal interest.*

3.4.8 GEWOGS UNDER SAMTSE DZONGKHAG

I. PHUENTSHOPELRI

The significant unresolved irregularities amounting to Nu.1.812 million against Phuentshopelri Gewog was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Gewog, however, the irregularities could not be resolved as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	1.812	-	1.812	-
	Total	1.812	-	1.812	-

The details of unsettled irregularity reported to the Parliament in June 2021 which were not resolved as of as on 31 March 2022 are as discussed below.

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	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
5.1	Excess payment	0.741	-	0.741
5.2	Outstanding advance	1.071	-	1.071
	Total	1.812	-	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)

Status: Observation not settled as of 31 March 2022. The amount of Nu. 0.150 million stands recoverable along with 24% pa penal interest.

- 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)

Status: Observation not settled as of 31 March 2022. The amount of Nu. 0.150 million stands recoverable along with 24% pa penal interest.

- 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)

Status: Observation not settled as of 31 March 2022. The amount of Nu. 0.150 million stands recoverable along with 24% pa penal interest.

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)

Status: Observation not settled as of 31 March 2022. The amount of Nu. 0.150 million stands recoverable along with 24% pa penal interest.

- 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)

Status: Observation not settled as of 31 March 2022. The amount of Nu. 0.150 million stands recoverable along with 24% pa penal interest.

II. DOPHOOGCHEN

The significant unresolved irregularities amounting to Nu.0.942 million against Dophoogchen Gewog was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Gewog and the total irregular amount of Nu.0.942 million reported to the Parliament in June 2021 was recovered, however, one observation remained unsettled as the accumulated 24% pa penal interest remained unsettled as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	0.942	0.942	-	-
	Total	0.942	0.942	-	100

The details of unsettled irregularity reported to the Parliament in June 2021, irregularities resolved thereafter and the unresolved one as on 31 March 2022 is as discussed below.

5. SHORTFALLS, LAPSES AND DEFICIENCIES

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)

Status: Observation partially settled. Principal amount was deposited with the RAA vide receipt No.428973 dated 8/4/2021 and 01871 dated 01871 dated 18/11/2021, however, 24% pa penal interest of Nu.0.030 million left unsettled.

- 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)

Status: Observation has been settled as the an amount of Nu.0.347 million along with the 24% pa penal interest was deposited with the RAA vide receipt No. 428978 dated 8/4/2021.

- 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)

Status: Observation has been settled as an amount of Nu.0.085 million along with the 24% pa penal interest was deposited with the RAA vide receipt No. 428974 dated 8/4/2021.

III. NAMGAYCHHOELING

The significant unresolved irregularities amounting to Nu.1.368 million against Namgaychhoeling Gewog was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Gewog, however, the irregularities remained unresolved as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	1.112	-	1.112	-
5	Shortfalls, lapses and deficiencies	0.256	-	0.256	-
	Total	1.368	-	1.368	-

The details of unsettled irregularity reported to the Parliament in June 2021 which remained unresolved as on 31 March 2022 are as discussed below.

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)

Status: Observation not settled as of 31 March 2022. The amount of Nu.1.112 million stands recoverable.

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)

Status: Observation not settled as of 31 March 2022. The amount needs to be settled with the contractor.

IV. SANGAGCHOLING

The significant unresolved irregularities amounting to Nu.11.073 million against Sangagcholing Gewog was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Gewog and out of the total irregularities of Nu.11.073 million reported to the Parliament in June 2021; irregularities of Nu.0.337 million was settled leaving a balance of Nu.10.736 million as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
2	Embezzlement	0.838	-	0.838	-
5	Shortfalls, lapses and deficiencies	10.235	0.337	9.898	3.29
	Total	11.073	0.337	10.736	3.04

The details of unsettled irregularity reported to the Parliament in June 2021, irregularities resolved thereafter and the unresolved ones as on 31 March 2022 are as discussed below.

2. EMBEZZLEMENT – NU.0.838

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)

Status: Observation not settled as of 31 March 2022. The amount of Nu. 0.838 million along with 24% pa penal interest stands recoverable.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 9.898 MILLION

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

Sl. No.	Observation in Brief	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
5.1	Wasteful expenditure on irrigation channel	8.870	-	8.870
5.2	Excess payment	1.365	0.337	1.028
	Total	10.235	0.337	9.898

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)

Status: Observation not settled as of 31 March 2022. The issue needs to be resolved by the Gewog.

5.2 EXCESS PAYMENT- NU.1.365 MILLION

a) 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)

Status: Observation partially settled. Out of the total amount of Nu.0.313 million; Nu.0.106 was deposited with the RAA vide receipt No. 01877 dated 10/12/2021 leaving a balance of Nu.0.207 million as of 31 March 2022.

b) 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)

Status: Observation has been settled. The principal amount was changed to Nu.0.043 million vide letter No. RAA/OAAG-Pling/Sang-Gw-B12/1224 dated 3/11/2021 and SDA/2020-2021/028 and 1289 dated 28/09/2021 and an amount of Nu. 0.053 million with 24% pa penal interest was recovered and deposited with the RAA vide receipt No.01879 dated. 10/12/2021.

- c) 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)*

Status: Observation not settled as of 31 March 2022. The amount of Nu.0.821 million along with 24% pa penal interest stands recoverable.

V. TADING

The significant unresolved irregularities amounting to Nu.0.900 million against Tading Gewog was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Gewog and out of the total irregularities of Nu.0.900 million reported to the Parliament in June 2021; irregularities of Nu.0.651 million was settled leaving a balance of Nu.0.249 million as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
3	Mismanagement	0.550	0.550	-	100
4	Non-Compliance to laws and rules	0.350	0.101	0.249	28.86
	Total	0.900	0.651	0.249	72.33

The details of unsettled irregularity reported to the Parliament in June 2021, irregularities resolved thereafter and the unresolved ones as on 31 March 2022 are as discussed below.

3. MISMANAGEMENT

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)

Status: Observation has been settled vide letter No.RAA/OAAG-Pling/FUS/Tad-Geog-B15/2021/964 date 10/9/2021.

4. NON-COMPLIANCE TO LAWS AND RULES – NU.0.249 MILLION

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

Sl. No.	Observation in Brief	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
4.1	Unclaimed security deposits	0.272	0.101	0.171
4.2	Non-levy of liquidated damages	0.078	-	0.078
	Total	0.350	0.101	0.249

4.1 UNCLAIMED SECURITY DEPOSITS – NU. 0.171 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)

Status: Observation partially settled. Out of Nu.0.272 million; Nu.0.101 million was settled leaving a balance of Nu. 0.171 million recoverable with 24% pa penal interest.

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)

Status: Observation not settled as of 31 March 2022. The amount of Nu.0.078 million along with 24% pa penal interest stands recoverable.

VI. TENDRUK

The significant unresolved irregularities amounting to Nu.1.310 million against Tendruk Gewog was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Gewog and out of the total irregularities of Nu.1.310 million reported to the Parliament in June 2021; irregularities of Nu.0.676 million was settled leaving a balance of Nu.0.634 million as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	0.676	0.676	-	100
5	Shortfalls, lapses and deficiencies	0.634	-	0.634	-
	Total	1.310	0.676	0.634	51.60

The details of unsettled irregularity reported to the Parliament in June 2021, irregularities resolved thereafter and the unresolved ones as on 31 March 2022 are as discussed below.

4. NON-COMPLIANCE TO LAWS AND RULES

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)

Status: Observation has been settled vide letter No. DA-14/Office/20-21/461 dated 20/09/2021.

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)

Status: Observation not settled as of 31 March 2022. The amount of Nu.0.634 million along with 24% pa penal interest stands recoverable.

VII. TASHICHOLING

The significant unresolved irregularities amounting to Nu.3.183 million against Tashicholing Gewog was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Gewog and out of the total irregularities of Nu.3.183 million reported to the Parliament in June 2021; irregularities of Nu.0.384 million was settled leaving a balance of Nu.2.799 million as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
1	Fraud and Corruption	0.456	-	0.456	-
2	Embezzlement	0.743	0.021	0.722	2.83
3	Mismanagement	0.363	0.363	-	100
4	Non-Compliance to laws and rules	1.209	-	1.209	-
5	Shortfalls, lapses and deficiencies	0.412	-	0.412	-
	Total	3.183	0.384	2.799	12.06

The details of unsettled irregularity reported to the Parliament in June 2021, irregularities resolved thereafter and the unresolved ones as on 31 March 2022 are as discussed below.

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	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
1.1	Misappropriation of fund	0.406	-	0.406
1.2	Misuse of government property	0.050	-	0.050
	Total	0.456	-	0.456

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)

Status: Observation not settled as of 31 March 2022. The amount of Nu.0.406 million stands recoverable along with 24% pa penal interest and appropriate action needs to be taken.

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)

Status: Observation not settled as of 31 March 2022. The amount of Nu.0.050 million stands recoverable along with 24% pa penal interest and appropriate action needs to be taken.

2. EMBEZZLEMENT – NU. 0.722 MILLION

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

Sl. No.	Observation in Brief	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
2.1	Shortages of materials	0.542	-	0.542
2.2	Shortages of cash	0.137	0.021	0.116
2.3	Short accountal	0.064	-	0.064
	Total	0.743	0.021	0.722

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)

Status: Observation not settled as of 31 March 2022. The amount of Nu.0.335 million stands recoverable along with 24% pa penal interest and appropriate action needs to be taken.

- 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)

Status: *Observation has been settled vide follow up report No.RAA/OAAG-Pling/Sip-Drung-B2/2021/1257 dated 22/11/2021.*

- 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)

Status: *Observation not settled as of 31 March 2022. The amount of Nu.0.048 million stands recoverable along with 24% pa penal interest and appropriate action needs to be taken.*

- 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)

Status: *Observation not settled as of 31 March 2022. The amount of Nu.0.091 million stands recoverable along with 24% pa penal interest and appropriate action needs to be taken.*

- 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)

Status: *Observation not settled as of 31 March 2022. The amount of Nu.0.047 million stands recoverable along with 24% pa penal interest and appropriate action needs to be taken.*

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)

Status: : Observation not settled as of 31 March 2022. The amount of Nu.0.138 million stands recoverable along with 24% pa penal interest and appropriate action needs to be taken.

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)*

Status: Observation not settled as of 31 March 2022. The amount of Nu.0.064 million stands recoverable along with 24% pa penal interest and appropriate action needs to be taken.

3. MISMANAGEMENT

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)*

Status: Observation has been settled vide letter No. DA-14/Office/20-21/461 dated 20/09/2021.

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	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
4.1	Payment without supporting documents	0.740	-	0.740
4.2	Payment without verification	0.259	-	0.259
4.3	Short accountal of collection	0.210	-	0.210
	Total	1.209	-	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)

Status: Observation not settled as of 31 March 2022. The amount of Nu.0.440 million stands recoverable along with 24% pa penal interest.

- 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)

Status: Observation not settled as of 31 March 2022. The amount of Nu.0.300 million stands recoverable along with 24% pa penal interest.

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)

Status: Observation not settled as of 31 March 2022. The amount of Nu.0.259 million stands recoverable along with 24% pa penal interest.

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)

Status: Observation not settled as of 31 March 2022. The amount of Nu.0.210 million stands recoverable along with 24% pa penal interest.

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)

Status: Observation not settled as of 31 March 2022. The amount of Nu.0.249 million stands recoverable along with 24% pa penal interest.

- 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)

Status: Observation not settled as of 31 March 2022. The amount of Nu.0.086 million stands recoverable along with 24% pa penal interest.

- 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)

Status: Observation not settled as of 31 March 2022. The amount of Nu.0.077 million stands recoverable along with 24% pa penal interest.

3.4.9 GEWOG UNDER SARPANG DZONGKHAG

I. DEKILING

The significant unresolved irregularities amounting to Nu.0.085 million against Dekiling Gewog was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Gewog and the irregularity was settled as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
3	Mismanagement	0.085	0.085	-	100
	Total	0.085	0.085	-	100

The details of unsettled irregularity reported to the Parliament in June 2021 which got resolved as on 31 March 2022 is as discussed below.

3. MISMANAGEMENT

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)*

Status: *Observation has been settled as Nu. 0.107 million along with the accumulated penal interest was deposited with the RAA vide receipt No. A00687 dated 19/11/2021.*

II. GELEPHU

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

The significant unresolved irregularities amounting to **Nu.0.088** million against **Gelephu** Gewog was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Gewog and the irregularity was settled as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	0.088	0.088	-	100
	Total	0.088	0.088	-	100

The details of unsettled irregularity reported to the Parliament in June 2021 which got resolved as on 31 March 2022 is as discussed below.

5. SHORTFALLS, LAPSES AND DEFICIENCIES

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)

Status: Observation has been settled as per the follow-up report No. RAA/OAAG(T)/FUS-02/2021-2022/0267 dated 22/10/2021 based on the ATR submitted vide letter No. GG/RAA/2020-21/23/191 dated 18/12/2020.

3.4.10 GEWOG UNDER SAMDRUPJONGKHAR DZONGKHAG

I. PHUNTSHOTHANG

The significant unresolved irregularities amounting to Nu.0.133 million against Phuntshothang Gewog was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Gewog and the irregularity was settled as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	0.133	0.133	-	100
	Total	0.133	0.133	-	100

The details of unsettled irregularity reported to the Parliament in June 2021 which was settled as on 31 March 2022 are as discussed below.

4. NON-COMPLIANCE TO LAWS AND RULES

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)

Status: Observation has been settled as the amount was deposited with the RAA vide receipt No. 429178 dated 21/06/2021.

3.4.11 GEWOG UNDER TRONGSA DZONGKHAG

I. DRAKTENG

The significant unresolved irregularities amounting to Nu.0.600 million against Drakteng Gewog was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Gewog, however, the irregularity could not be resolved as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	0.600	-	0.600	-
	Total	0.600	-	0.600	-

The details of unsettled irregularity reported to the Parliament in June 2021 which remained unresolved as on 31 March 2022 is as discussed below.

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)

Status: *Observation not settled. A reminder has been served vide letter No.RAA/Bt/Fus-01/2021/514 dated 15/04/2021.*

II. TANGSIBJI

The significant unresolved irregularities amounting to Nu.0.166 million against Tangsibji Gewog was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Gewog and out of the total irregularities of Nu.0.166 million reported to the Parliament in June 2021; irregularities of Nu.0.021 million was settled leaving a balance of Nu.0.145 million as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
1	Fraud and Corruption	0.021	0.021	-	100
5	Shortfalls, lapses and deficiencies	0.145	-	0.145	-
	Total	0.166	0.021	0.145	12.65

The details of unsettled irregularity reported to the Parliament in June 2021, irregularities resolved thereafter and the unresolved ones as on 31 March 2022 are as discussed below.

1. FRAUD AND CORRUPTION

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)*

Status: *Observation has been settled as the amount of Nu.0.021 million was deposited with the RAA vide R/No.03379 dated 16/12/2020.*

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	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
5.1	Unreconciled amount	0.067	-	0.067
5.2	Outstanding advance	0.078	-	0.078
	Total	0.145	-	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)

Status: Observation not settled. A reminder has been served vide letter No.RAA/Bt/Fus-01/2021/513 dated 10/04/2021.

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)

Status: Observation not settled. A reminder has been served vide letter No.RAA/Bt/Fus-01/2021/513 dated 10/04/2021.

3.4.12 GEWOGS UNDER TRASHI YANGTSE

I. BUMDELING

The significant unresolved irregularities amounting to Nu.0.135 million against Bomdeling Gewog was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Gewog, however, the irregularities could not be resolved as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
2	Embezzlement	0.065	-	0.065	-
3	Mismanagement	0.070	-	0.070	-
	Total	0.135	-	0.135	-

The details of unsettled irregularity reported to the Parliament in June 2021 which remained unresolved as on 31 March 2022 are as discussed below.

2. EMBEZZLEMENT - NU. 0.065 MILLION

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)

Status: Observation not settled. As per justification furnished vide letter No. Bumgay/Tsezhib/22/ 2020-2021/75 dated 10/08/2021 and letter No. Nil dated 27/10/2021, the Ex-Gup, Mani Wangda has been arrested in connection to the rape of minor and still serving prison term at Chamgang, Thimphu. Therefore, it was stated that the issue could not be resolved.

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)

Status: Observation not settled. As per justification furnished vide letter No. Bumgay/Tsezhib/22/ 2020-2021/75 dated 10/08/2021 and letter No. Nil dated

27/10/2021, the Ex-Gup, Mani Wangda has been arrested in connection to the rape of minor and still serving prison term at Chamgang, Thimphu. Therefore, it was stated that the issue could not be resolved.

II. TONGMIJANGSA

The significant unresolved irregularities amounting to Nu.0.600 million against Tongmijangsa Gewog was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Gewog and the irregularity was settled as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	0.600	0.600	-	100
	Total	0.600	0.600	-	100

The details of unsettled irregularity reported to the Parliament in June 2021 which was settled on 31 March 2022 is as discussed below.

5. SHORTFALL, LAPSES AND DEFICIENCIES

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)*

Status: *Observation has been settled based on the letter No. Tongyad (03) 2021/1167 dated 16/11/2021 as the work was reported completion with pictorial evidences.*

3.4.13 GEWOGS UNDER TSIRANG DZONGKHAG

I. TSIRANGTOED

The significant unresolved irregularities amounting to Nu.0.954 million against Tsirangtoed Gewog was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Gewog and the irregularity was settled as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	0.954	0.954	-	100
	Total	0.954	0.954	-	100

The details of unsettled irregularity reported to the Parliament in June 2021 which was settled as on 31 March 2022 is as discussed below.

5. SHORTFALLS, LAPSES AND DEFICIENCIES

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)

Status: Observation has been settled vide follow-up report No. RAA/OAAG(T)/FUS-02/2021-2022/0189 date 08/09/2021.

II. SHEMJONG

The significant unresolved irregularities amounting to Nu.0.110 million against Shemjong Gewog was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Gewog and the irregularity was settled as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	0.110	0.110	-	100
	Total	0.110	0.110	-	100

The details of unsettled irregularity reported to the Parliament in June 2021 which was settled on 31 March 2022 is as discussed below.

4. NON-COMPLIANCE TO LAWS AND RULES

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)

Status: Observation has been settled vide follow-up report No.RAA/OAAG(T)FUD-02/2020-2021/060 date 26/07/2021.

III. PATSHALING

The significant unresolved irregularities amounting to Nu.0.830 million against Patshaling Gewog was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Gewog and the irregularity was settled as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
2	Embezzlement	0.830	0.830	-	100
	Total	0.830	0.830	-	100

The details of unsettled irregularity reported to the Parliament in June 2021 which was settled as on 31 March 2022 is as discussed below.

2. EMBEZZLEMENT

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)

Status: Observation has been settled vide follow-up report No.RAA/OAAG(T)FUS-01/2020-2021/425 dated 01/02/2021.

IV. MENDRELGANG

The significant unresolved irregularities amounting to Nu.0.481 million against Mendrelgang Gewog was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Gewog and the irregularity was settled as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	0.481	0.481	-	100
	Total	0.481	0.481	-	100

The details of unsettled irregularity reported to the Parliament in June 2021 which was settled as on 31 March 2022 is as discussed below.

5. SHORTFALLS, LAPSES AND DEFICIENCIES

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 Rigidhen 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)

Status: Observation has been settled vide follow-up report No. RAA/OAAG(T)FUD-02/2020-2021/0677 date 17/06/2021.

3.4.14 GEWOG UNDER THIMPHU DZONGKHAG

I. DAGALA

The significant unresolved irregularities amounting to Nu.1.155 million against Dagala Gewog was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Gewog, however, the observation remained unsettled as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	1.155	-	1.155	-
	Total	1.155	-	1.155	-

The details of unsettled irregularity reported to the Parliament in June 2021 which remained unsettled as on 31 March 2022 is as discussed below.

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)

Status: Observation remained unsettled as of 31 March 2022. The amount needs to be recovered along with 24% pa penal interest.

3.4.15 GEWOG UNDER TRASHIGANG DZONGKHAG

I. PHONGMEY

The significant unresolved irregularities amounting to Nu.3.630 million against Phongmey Gewog was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Gewog, however, the cases could not be resolved as on 31 March 2022 as discussed below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
1	Fraud and Corruption	3.369	-	3.369	-
3	Mismanagement	0.261	-	0.261	-
	Total	3.630	-	3.630	-

The details of unsettled irregularity reported to the Parliament in June 2021 which remained unresolved as on 31 March 2022 are as discussed below.

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 Muktshen 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)

Status: Observation not settled as of 31 March 2022. The case has been forwarded to the ACC vide report No. RAA/OAAG-SJ/AR-32/GewogAmin-Phongmey/2020/4406 dated 29/06/2020 for further investigation.

(The fraud and corruption cases of Phongmey, Shongphu, Radhi and Bidung Gewogs of Trashigang Dzongkhag were deliberated during the PAC Consultation Meeting held on 2 Aug. 2021 in the Trashigang DYT Hall in presence of DASHO DZONGDAG and

*the respective Gups of the Gewogs. The Gups stated that as the Gewog Accountant, Samten Lhamo used to handle the accounts of four Gewogs all by herself so she got opportunity for committing corruptive practices. Further, the house was informed that the cases had been reported to ACC on 9 Sept. 2020 and prioritized for investigation. As such the cases remained status quo. **NOTE:** this noting given in the bracket applies to all succeeding observations of AIN.16723).*

- 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)

Status: Observation not settled as of 31 March 2022. The case has been forwarded to the ACC vide report No. RAA/OAAG-SJ/AR-32/GewogAfmín-Phongmey/2020/4406 dated 29/06/2020 for further investigation.

- 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)

Status: Observation not settled as of 31 March 2022. The case has been forwarded to the ACC vide report No. RAA/OAAG-SJ/AR-32/GewogAfmín-Phongmey/2020/4406 dated 29/06/2020 for further investigation.

- 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)

Status: Observation not settled as of 31 March 2022. The case has been forwarded to the ACC vide report No. RAA/OAAG-SJ/AR-32/GewogAfmín-Phongmey/2020/4406 dated 29/06/2020 for further investigation.

- 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)

Status: Observation not settled as of 31 March 2022. The case has been forwarded to the ACC vide report No. RAA/OAAG-SJ/AR-32/GewogAfmín-Phongmey/2020/4406 dated 29/06/2020 for further investigation.

- 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)

Status: Observation not settled as of 31 March 2022. The case has been forwarded to the ACC vide report No. RAA/OAAG-SJ/AR-32/GewogAfmín-Phongmey/2020/4406 dated 29/06/2020 for further investigation.

- 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)

Status: Observation not settled as of 31 March 2022. The case has been forwarded to the ACC vide report No. RAA/OAAG-SJ/AR-32/GewogAfmín-Phongmey/2020/4406 dated 29/06/2020 for further investigation.

- 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)

Status: Observation not settled as of 31 March 2022. The case has been forwarded to the ACC vide report No. RAA/OAAG-SJ/AR-32/GewogAfmín-Phongmey/2020/4406 dated 29/06/2020 for further investigation.

- 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)

Status: Observation not settled as of 31 March 2022. The case has been forwarded to the ACC vide report No. RAA/OAAG-SJ/AR-32/GewogAfmin-Phongmey/2020/4406 dated 29/06/2020 for further investigation.

- 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)

Status: Observation not settled as of 31 March 2022. The case has been forwarded to the ACC vide report No. RAA/OAAG-SJ/AR-32/GewogAfmin-Phongmey/2020/4406 dated 29/06/2020 for further investigation.

- 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)

Status: Observation not settled as of 31 March 2022. The case has been forwarded to the ACC vide report No. RAA/OAAG-SJ/AR-32/GewogAfmin-Phongmey/2020/4406 dated 29/06/2020 for further investigation.

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)

Status: Observation not settled as of 31 March 2022. The case has been forwarded to the ACC vide report No. RAA/OAAG-SJ/AR-32/GewogAfmin-Phongmey/2020/4406 dated 29/06/2020 for further investigation.

I. SHONGPHU

The significant unresolved irregularities amounting to Nu.2.364 million against Shongphu Gewog was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Gewog, however, the cases could not be resolved as on 31 March 2022 as discussed below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
1	Fraud and Corruption	2.364	-	2.364	-
	Total	2.364	-	2.364	-

The details of unsettled irregularity reported to the Parliament in June 2021 which remained unresolved as on 31 March 2022 are as discussed below.

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	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
1.1	Forgery of signature	-	-	-
1.2	Misappropriation of funds	2.364	-	2.364
	Total	2.364	-	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)

Status: Observation not settled as of 31 March 2022. The case was forwarded to the ACC on 29/06/2020 which was intimated to the Gewog vide letter No. RAA /OAAG-SJ(AR-23)GA-Shongphu/2021/1053 dated 24/09/2021.

(The fraud and corruption cases of Phongmey, Shongphu, Radhi and Bidung Gewogs of Trashigang Dzongkhag were deliberated during the PAC Consultation Meeting held on 2 Aug. 2021 in the Trashigang DYT Hall in presence of Dasho Dzongdag and the respective Gups of the Gewogs. The Gups stated that as the Gewog Accountant, Samten Lhamo used to handle the accounts of four Gewogs all by herself so she got opportunity for committing corruptive practices. Further, the house was informed that the cases had been reported to ACC on 9 Sept. 2020 and prioritized for investigation. As such the cases remained status quo. NOTE: this noting given in the bracket applies to all succeeding observations of AIN.16722).

- 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)*

Status: Observation not settled as of 31 March 2022. The case was forwarded to the ACC on 29/06/2020 which was intimated to the Gewog vide letter No. RAA /OAAG-SJ(AR-23)GA-Shongphu/2021/1053 dated 24/09/2021.

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)*

Status: Observation not settled as of 31 March 2022. The case was forwarded to the ACC on 29/06/2020 which was intimated to the Gewog vide letter No. RAA /OAAG-SJ(AR-23)GA-Shongphu/2021/1053 dated 24/09/2021.

- 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)

Status: Observation not settled as of 31 March 2022. The case was forwarded to the ACC on 29/06/2020 which was intimated to the Gewog vide letter No. RAA /OAAG-SJ(AR-23)GA-Shongphu/2021/1053 dated 24/09/2021.

- 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)

Status: Observation not settled as of 31 March 2022. The case was forwarded to the ACC on 29/06/2020 which was intimated to the Gewog vide letter No. RAA /OAAG-SJ(AR-23)GA-Shongphu/2021/1053 dated 24/09/2021.

- 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)

Status: Observation not settled as of 31 March 2022. The case was forwarded to the ACC on 29/06/2020 which was intimated to the Gewog vide letter No. RAA /OAAG-SJ(AR-23)GA-Shongphu/2021/1053 dated 24/09/2021.

- 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)

Status: Observation not settled as of 31 March 2022. The case was forwarded to the ACC on 29/06/2020 which was intimated to the Gewog vide letter No. RAA /OAAG-SJ(AR-23)GA-Shongphu/2021/1053 dated 24/09/2021.

- 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)

Status: Observation not settled as of 31 March 2022. The case was forwarded to the ACC on 29/06/2020 which was intimated to the Gewog vide letter No. RAA /OAAG-SJ(AR-23)GA-Shongphu/2021/1053 dated 24/09/2021.

- 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)

Status: Observation not settled as of 31 March 2022. The case was forwarded to the ACC on 29/06/2020 which was intimated to the Gewog vide letter No. RAA /OAAG-SJ(AR-23)GA-Shongphu/2021/1053 dated 24/09/2021.

I. RADHI

The significant unresolved irregularities amounting to Nu.4.428 million against Radhi Gewog was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Gewog, however, the cases could not be resolved as on 31 March 2022 as discussed below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
1	Fraud and Corruption	4.428	-	4.428	-
	Total	4.428	-	4.428	-

The details of unsettled irregularity reported to the Parliament in June 2021 which remained unresolved as on 31 March 2022 are as discussed below.

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)

Status: Observation not settled as of 31 March 2022. The case has been forwarded to the ACC vide report No. RAA/OAAG-SJ/AR-31/GA-RADHI/2020/4405 dated 29/06/2020 which was intimated to the Gewog vide letter No. RAA /OAAG-SJ(AR-31)GA-Radhi//2021/1122 dated 05/10/2021.

(The fraud and corruption cases of Phongmey, Shongphu, Radhi and Bidung Gewogs of Trashigang Dzongkhag were deliberated during the PAC Consultation Meeting held on 2 Aug. 2021 in the Trashigang DYT Hall in presence of DASHO DZONGDAG and the respective Gups of the Gewogs. The Gups stated that as the Gewog Accountant, Samten Lhamo used to handle the accounts of four Gewogs all by herself so she got opportunity for committing corruptive practices. Further, the house was informed that the cases had been reported to ACC on 9 Sept. 2020 and prioritized for investigation. As such the cases remained status quo. **NOTE:** this noting given in the bracket applies to all succeeding observations of AIN.16724).

- 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)

Status: Observation not settled as of 31 March 2022. The case has been forwarded to the ACC vide report No. RAA/OAAG-SJ/AR-31/GA-RADHI/2020/4405 dated 29/06/2020 which was intimated to the Gewog vide letter No. RAA /OAAG-SJ(AR-31)GA-Radhi//2021/1122 dated 05/10/2021.

- 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)

Status: Observation not settled as of 31 March 2022. The case has been forwarded to the ACC vide report No. RAA/OAAG-SJ/AR-31/GA-RADHI/2020/4405 dated 29/06/2020 which was intimated to the Gewog vide letter No. RAA /OAAG-SJ(AR-31)GA-Radhi//2021/1122 dated 05/10/2021.

- 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)

Status: Observation not settled as of 31 March 2022. The case has been forwarded to the ACC vide report No. RAA/OAAG-SJ/AR-31/GA-RADHI/2020/4405 dated 29/06/2020 which was intimated to the Gewog vide letter No. RAA /OAAG-SJ(AR-31)GA-Radhi//2021/1122 dated 05/10/2021.

- 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)

Status: Observation not settled as of 31 March 2022. The case has been forwarded to the ACC vide report No. RAA/OAAG-SJ/AR-31/GA-RADHI/2020/4405 dated 29/06/2020 which was intimated to the Gewog vide letter No. RAA /OAAG-SJ(AR-31)GA-Radhi//2021/1122 dated 05/10/2021.

- 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)

Status: Observation not settled as of 31 March 2022. The case has been forwarded to the ACC vide report No. RAA/OAAG-SJ/AR-31/GA-RADHI/2020/4405 dated 29/06/2020 which was intimated to the Gewog vide letter No. RAA /OAAG-SJ(AR-31)GA-Radhi//2021/1122 dated 05/10/2021.

- 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)

Status: Observation not settled as of 31 March 2022. The case has been forwarded to the ACC vide report No. RAA/OAAG-SJ/AR-31/GA-RADHI/2020/4405 dated 29/06/2020 which was intimated to the Gewog vide letter No. RAA /OAAG-SJ(AR-31)GA-Radhi//2021/1122 dated 05/10/2021.

- 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)

Status: Observation not settled as of 31 March 2022. The case has been forwarded to the ACC vide report No. RAA/OAAG-SJ/AR-31/GA-RADHI/2020/4405 dated 29/06/2020 which was intimated to the Gewog vide letter No. RAA /OAAG-SJ(AR-31)GA-Radhi//2021/1122 dated 05/10/2021.

- 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)

Status: Observation not settled as of 31 March 2022. The case has been forwarded to the ACC vide report No. RAA/OAAG-SJ/AR-31/GA-RADHI/2020/4405 dated 29/06/2020 which was intimated to the Gewog vide letter No. RAA /OAAG-SJ(AR-31)GA-Radhi//2021/1122 dated 05/10/2021.

- 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)

Status: Observation not settled as of 31 March 2022. The case has been forwarded to the ACC vide report No. RAA/OAAG-SJ/AR-31/GA-RADHI/2020/4405 dated 29/06/2020 which was intimated to the Gewog vide letter No. RAA /OAAG-SJ(AR-31)GA-Radhi//2021/1122 dated 05/10/2021.

- 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)

Status: Observation not settled as of 31 March 2022. The case has been forwarded to the ACC vide report No. RAA/OAAG-SJ/AR-31/GA-RADHI/2020/4405 dated 29/06/2020 which was intimated to the Gewog vide letter No. RAA /OAAG-SJ(AR-31)GA-Radhi//2021/1122 dated 05/10/2021.

II. BIDUNG

The significant unresolved irregularities amounting to Nu.0.717 million against Bidung Gewog was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Gewog, however, the cases could not be resolved as on 31 March 2022 as discussed below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
1	Fraud and Corruption	0.717	-	0.717	-
	Total	0.717	-	0.717	-

The details of unsettled irregularity reported to the Parliament in June 2021 which remained unresolved as of 31 March 2022 are as discussed below.

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)

Status: Observation not settled as on 31 March 2022. The case has been forwarded to the ACC vide report No. RAA/OAAG-SJ/AR-33/GA-BISUNG/2020/4404 dated 29/06/2020 and the RAA's further views were intimated to the Gewog vide letter No. RAA /OAAG-SJ(AR-31)GA-Bidung//2021/1153 dated 14/10/2021.

(The fraud and corruption cases of Phongmey, Shongphu, Radhi and Bidung Gewogs of Trashigang Dzongkhag were deliberated during the PAC Consultation Meeting held on 2 Aug. 2021 in the Trashigang DYT Hall in presence of Dasho Dzongdag and the respective Gups of the Gewogs. The Gups stated that as the Gewog Accountant, Samten Lhamo used to handle the accounts of four Gewogs all by herself so she got opportunity for committing corruptive practices. Further, the house was informed that the cases had been reported to ACC on 9 Sept. 2020 and prioritized for investigation. As such the cases remained status quo. NOTE: this noting given in the bracket applies to all succeeding observations of AIN.16725).

- 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)

Status: Observation not settled as on 31 March 2022. The case has been forwarded to the ACC vide report No. RAA/OAAG-SJ/AR-33/GA-BISUNG/2020/4404 dated 29/06/2020 and the RAA's further views were intimated to the Gewog vide letter No. RAA /OAAG-SJ(AR-31)GA-Bidung//2021/1153 dated 14/10/2021.

- 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)

Status: Observation not settled as on 31 March 2022. The case has been forwarded to the ACC vide report No. RAA/OAAG-SJ/AR-33/GA-BISUNG/2020/4404 dated 29/06/2020 and the RAA's further views were intimated to the Gewog vide letter No. RAA /OAAG-SJ(AR-31)GA-Bidung//2021/1153 dated 14/10/2021.

- 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)

Status: Observation not settled as on 31 March 2022. The case has been forwarded to the ACC vide report No. RAA/OAAG-SJ/AR-33/GA-BISUNG/2020/4404 dated 29/06/2020 and the RAA's further views were intimated to the Gewog vide letter No. RAA /OAAG-SJ(AR-31)GA-Bidung//2021/1153 dated 14/10/2021.

- 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)

Status: Observation not settled as on 31 March 2022. The case has been forwarded to the ACC vide report No. RAA/OAAG-SJ/AR-33/GA-BISUNG/2020/4404 dated 29/06/2020 and the RAA's further views were intimated to the Gewog vide letter No. RAA /OAAG-SJ(AR-31)GA-Bidung//2021/1153 dated 14/10/2021.

- 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)

Status: Observation not settled as on 31 March 2022. The case has been forwarded to the ACC vide report No. RAA/OAAG-SJ/AR-33/GA-BISUNG/2020/4404 dated 29/06/2020 and the

RAA's further views were intimated to the Gewog vide letter No. RAA /OAAG-SJ(AR-31)GA-Bidung//2021/1153 dated 14/10/2021.

III. LUMANG

The significant unresolved irregularities amounting to Nu.0.900 million against Lumang Gewog was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Gewog and out of the total irregularities of Nu.0.900 million reported to the Parliament in June 2021 all the amounts were settled. However, one irregularity without the involvement of monetary amount could not be resolved as on 31 March 2022 as discussed below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
3	Mismanagement	-	-	-	-
5	Shortfalls, lapses and deficiencies	0.900	0.900	-	100
	Total	0.900	0.900	-	100

The details of unsettled irregularity reported to the Parliament in June 2021, irregularities resolved thereafter and the unresolved one as on 31 March 2022 is as discussed below.

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)*

Status: *Observation not settled as of 31 March 2022. The case has been forwarded to the ACC vide report No. RAA/OAAG-SJ/AR-41/GA-Lumang/2020/4397 dated 25/06/2020 and the RAA's view on the issues were intimated to the Gewog vide letter No. RAA /OAAG-SJ(AR-31)GA-Bidung//2021/1153 dated 14/10/2021.*

5. SHORTFALLS, LAPSES AND DEFICIENCIES

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

Sl. No.	Observation in Brief	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
5.1	Outstanding advance	0.100	0.100	-
5.2	Unauthorized Agreement in Private Land Leasing	0.800	0.800	-
	Total	0.900	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)

Status: Observation has been settled as all the amounts were deposited with the RAA vide several money receipts at various stages.

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)

Status: Observation has been settled as per the decision of the minutes of the RAA's 9th Advisory Committee Meeting held on 7 Sept. 2021.

3.4.16 GEWOG UNDER WANGDUEPHODRANG DZONGKHAG

I. GASE TSHOGONGM

The significant unresolved irregularities amounting to Nu.0.145 million against Gase Tshogongm Gewog was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Gewog and the irregularity was settled as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	0.145	0.145	-	100
	Total	0.145	0.145	-	100

The details of unsettled irregularity reported to the Parliament in June 2021 which was settled as on 31 March 2022 is as discussed below.

5. SHORTFALLS, LAPSES AND DEFICIENCIES

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)*

Status: *Observation has been settled as an amount Nu.0.028 million was deposited on 5/11/2020 and the balance amount dropped vide follow-up report No. OAAG(T)FUS-01/2020-2021/20.01.2021.*

II. SAEPHU

The significant unresolved irregularities amounting to Nu.1.445 million against Saephu Gewog was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Gewog, however, the irregularities could not be resolved as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	0.776	-	0.776	-
5	Shortfalls, lapses and deficiencies	0.669	-	0.669	-
	Total	1.445	-	1.445	-

The details of unsettled irregularity reported to the Parliament in June 2021 which remained unsettled as on 31 March 2022 are as discussed below.

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	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
4.1	Short recovery of liquidated damages	0.223	-	0.223
4.2	Non-recovery of 20% penalty for incomplete works	0.553	-	0.553
	Total	0.776	-	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)

Status: Observation not settled as of 31 March 2022. A follow-up report has been sent vide letter No. RAA/OAAG (T)/FUS-01/2021-2022/343 dated 29/12/2021.

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)

Status: *Observation not settled as of 31 March 2022. A follow-up report has been sent vide letter No. RAA/OAAG (T)/FUS-01/2021-2022/343 dated 29/12/2021.*

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)*

Status: *Observation not settled as of 31 March 2022. A follow-up report has been sent vide letter No. RAA/OAAG (T)/FUS-01/2021-2022/343 dated 29/12/2021.*

- c) 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)*

Status: *Observation not settled as of 31 March 2022. A follow-up report has been sent vide letter No. RAA/OAAG (T)/FUS-01/2021-2022/343 dated 29/12/2021.*

III. THEDTSHO

The significant unresolved irregularities amounting to Nu.2.567 million against Thedtsho Gewog was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Gewog, however, the irregularity could not be resolved as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	2.567	-	2.567	-
	Total	2.567	-	2.567	-

The details of unsettled irregularity reported to the Parliament in June 2021 which remained unresolved as on 31 March 2022 is as discussed below.

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)

Status: Observation not settled as of 31 March 2022. A follow-up report has been sent vide letter No. RAA/OAAG(T)/FUS-01/2020-2021/0404 dated 20/01/2021.

IV. DARKAR

The significant unresolved irregularities amounting to Nu.0.976 million against Darkar Gewog was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Gewog and irregularity was settled as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	0.976	0.976	-	100
	Total	0.976	0.976	-	100

The details of unsettled irregularity reported to the Parliament in June 2021 which got settled as on 31 March 2022 is as discussed below.

5. SHORTFALLS, LAPSES AND DEFICIENCIES

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)

Status: Observation has been settled vide follow-up report No. RAA/OAAG(T)FUS-02/2020-2021/0674 dated 15/06/2021.

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 against the Commission was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Commission and the irregularity was settled as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	4.335	4.335	-	100
	Total	4.335	4.335	-	100

The details of unsettled irregularity reported to the Parliament in June 2021 which was settled as on 31 March 2022 is as discussed below.

4. NON-COMPLIANCE TO LAWS AND RULES

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 240 days 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)

Status: *Observation has been settled. The issues was deliberated in the RAA's 8th Advisory Committee Meeting and the observation was dropped as the construction was still ongoing and it was decided that applicable liquidated damages if any shall be verified and levied during the subsequent audit.*

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 against the Authority was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Authority, however, the irregularities could not be resolved as on 31 March 2022 as discussed below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
1	Fraud and Corruption	0.503	-	0.503	-
	Total	0.503	-	0.503	-

The details of unsettled irregularities reported to the Parliament in June 2021 which remained unresolved as on 31 March 2022 are as discussed below.

1. FRAUD AND CORRUPTION – NU.0.503 MILLION

The cases with element of fraud and corruption involving Nu.0.503 million are as indicated below:

Sl. No.	Observation in Brief	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
1.1	Non-deposit of Revenue collected	0.453	-	0.453
1.2	Excess withdrawal of fund	0.050	-	0.050
	Total	0.503	-	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)

Status: Observation not settled as of 31 March 2022. The case has been forwarded to the ACC. A follow-up report has been sent vide letter No. RAA/FUCD (W4 BICMA) 2021/2437 dated 23/12/2021.

- 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)

Status: Observation not settled as of 31 March 2022. The case has been forwarded to the ACC. A follow-up report has been sent vide letter No. RAA/FUCD (W4 BICMA) 2021/2437 dated 23/12/2021.

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; Wangy Dorji, EID No.: 2101068, CID No.: 11410006078)

Status: Observation not settled as of 31 March 2022. The case has been forwarded to the ACC. A follow-up report has been sent vide letter No. RAA/FUCD (W4 BICMA) 2021/2437 dated 23/12/2021.

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 against Dratshang Lhentshog was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Dratshang Lhentshog, however, the irregularities remained unresolved as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
3	Mismanagement	0.077	-	0.077	-
5	Shortfalls, lapses and deficiencies	0.863	-	0.863	-
	Total	0.940	-	0.940	-

The details of unsettled irregularity reported to the Parliament in June 2021 which remained unresolved as on 31 March 2022 are as discussed below.

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)

Status: Observation not settled as of 31 March 2022.

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; Dophu, Accounts Officer, EID No.: 200607056; Rinzin Wangmo, Chief Accounts Officer, EID No.: 2101045; Supervisory: Karma Tshering Namgyal, Secretary, EID No. 8302025)

Status: Observation not settled as of 31 March 2022. A follow-up report has been sent vide letter No. RAA/FUCD (S1)2021/1823 dated 5/10/2021.

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 amounting to Nu.9.319 million against the Commission was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Commission and out of the total irregularities of Nu. 9.319 million reported to the Parliament in June 2021; irregularities of Nu. 4.794 million was settled leaving a balance of Nu.4.525 million as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	9.319	4.794	4.525	51.44
	Total	9.319	4.794	4.525	51.44

The details of unsettled irregularity reported to the Parliament in June 2021, irregularities resolved thereafter and the unresolved one as on 31 March 2022 is as discussed below.

5. SHORTFALLS, LAPSES AND DEFICIENCIES - NU.4.525 MILLION

The cases of shortfalls, lapses & deficiencies involving Nu. 9.319 million are as follows:

Sl. No.	Observation in Brief	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
5.1	Payment of 10% Material Advance	4.794	4.794	-
5.2	Payment for Unexecuted Work	4.525	-	4.525
	Total	9.319	4.794	4.525

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)

Status: Observation has been settled vide follow-up report reference No. RAA/FUCD(W25-GNHC)2022/352 dated 01/04/2022.

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)

Status: Observation not settled as of 31 March 2022. A follow-up report has been sent vide letter No. RAA/FUCD (W25-GNHC) 2022/352 dated 01/04/2022 proposing a joint physical verification of the site as soon as possible.

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 amounting to Nu.089 million against the Judiciary was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Judiciary, however, the irregularity remained unsettled as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	0.089	-	0.089	-
	Total	0.089	-	0.089	-

The details of unsettled irregularity reported to the Parliament in June 2021 which remained unresolved as on 31 March 2022 is as discussed below.

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 systematic 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)

Status: Observation not settled as of 31 March 2022. The expenditures need to be reconciled.

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 amounting to Nu.0.496 million against NCHM was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the NCHM and the irregularities were settled as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	0.339	0.339	-	100
5	Shortfalls, lapses and deficiencies	0.157	0.157	-	100
	Total	0.496	0.496	-	100

The details of unsettled irregularity reported to the Parliament in June 2021 which were settled as on 31 March 2022 are as discussed below.

4. NON-COMPLIANCE TO LAWS & RULES

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)

Status: Observation has been settled based on the time extension provided by the Department of Air Transport, MoIC vide letter No. DoAT/ADD/2020-2021/1251 dated 23/09/2021.

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)

***Status:** Observation has been settled based submission of adjustment documents pertaining to the advances.*

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 amounting to Nu.11.420 million against RUB was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the RUB and out of the total irregularities of Nu.11.420 million reported to the Parliament in June 2021; irregularities of Nu.0.323 million was settled leaving a balance of Nu. 11.097 million as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
2	Embezzlement	0.323	0.323	-	100
5	Shortfalls, lapses and deficiencies	11.097	-	11.097	-
	Total	11.420	0.323	11.097	2.83

The details of unsettled irregularity reported to the Parliament in June 2021, irregularities resolved thereafter and the unresolved ones as on 31 March 2022 are as discussed below.

2. EMBEZZLEMENT

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)

Status: Observation has been settled based on the follow-up report reference No. RAA/OAAG(T)FUS-02/2020-2021/206 dated 20/09/2021.

5. SHORTFALLS, LAPSES AND DEFICIENCIES - NU. 11.097 MILLION

The cases of shortfalls, lapses & deficiencies are as follows:

Sl. No.	Observation in Brief	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
5.1	Payment of Salary and Allowance during LTT	0.725	-	0.725
5.2	Excessive Grant of Advance	10.372	-	10.372
	Total	11.097	-	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)

Status: Observation not settled as of 31 March 2022. The amounts stand recoverable.

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)

Status: Observation not settled as of 31 March 2022. The amounts stand recoverable.

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 amounting to Nu.1.223 million against Gelephu Thromde was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Thromde and all the irregularities were settled as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
3	Mismanagement	1.223	1.223	-	100
	Total	1.223	1.223	-	100

The details of unsettled irregularity reported to the Parliament in June 2021 which were settled as on 31 March 2022 are as discussed below.

3. MISMANAGEMENT

The cases of mismanagement involving Nu. 1.223 million are as indicated below:

Sl. No.	Observation in Brief	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
3.1	Retention of cash in Demand Draft form	0.880	0.880	-
3.2	Retention of cash balance	0.343	0.343	-
	Total	1.223	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)

Status: Observation has been settled as per the follow -up report No. RAA/OAAG(T)/FUS-02/2020-2021/216 dated 24/09/2021 and the amount deposited with the RAA vide Rt. No. A00657 dated 11/10/2021.

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)

Status: Observation has been settled based on the follow-up report No. RAA/OAAG (T) FUS-02/2021-2022/216 dated 24/09/2021.

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 amounting to Nu.243.403 million against Phuntsholing Thromde was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Thromde, however, the irregularities could not be settled as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	242.520	-	242.520	-
5	Shortfalls, lapses and deficiencies	0.883	-	0.883	-
	Total	243.403	-	243.403	-

The details of unsettled irregularity reported to the Parliament in June 2021 which were not settled as on 31 March 2022 are as discussed below.

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)

Status: Observation not settled as of 31 March 2022. PMU should obtain expert view on the damages caused involving a huge expenditure and views of the expert on the issue needs to be furnished to RAA.

- 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)

Status: Observation not settled as of 31 March 2022. PMU should obtain expert view on the damages caused involving a huge expenditure and views of the expert on the issue needs to be furnished to RAA.

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	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
5.1	Double Payment to Contractor	0.227	-	0.227
5.2	Excess Payment to Contractor	0.597	-	0.597
5.3	Payment without execution of work	0.059	-	0.059
	Total	0.883	-	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)

Status: Observation not settled as of 31 March 2022. The amount stands recoverable along with the 24% pa accumulated penal interest.

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)

Status: Observation not settled as of 31 March 2022. The amount stands recoverable along with the 24% pa accumulated penal interest.

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)

Status: Observation not settled as of 31 March 2022. The amount stands recoverable along with the 24% pa accumulated penal interest.

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 amounting to Nu.17.060 million against Thimphu Thromde was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Thromde and out of the total irregularities of Nu.17.060 million reported to the Parliament in June 2021; irregularities of Nu.2.263 million was settled leaving a balance of Nu.14.797 million as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
1	Fraud and Corruption	4.411	0.284	4.127	6.44
3	Mismanagement	2.335	-	2.335	-
4	Non-Compliance to laws and rules	2.185	1.752	0.433	80.18
5	Shortfalls, lapses and deficiencies	8.129	0.227	7.902	2.79
	Total	17.060	2.263	14.797	13.26

The details of unsettled irregularity reported to the Parliament in June 2021, irregularities resolved thereafter and the unresolved ones as on 31 March 2022 are as discussed below.

1. FRAUD AND CORRUPTION – NU. 4.127 MILLION

The cases with elements of fraud and corruption involving Nu. 4.411 million are as indicated below:

Sl. No.	Observation in Brief	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
1.1	Payment for unexecuted works	0.403	0.284	0.119
1.2	Excess payment due to inflated rate	4.008	-	4.008
	Total	4.411	0.284	4.127

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)*

Status: Observation has been dropped since the issue was already settled and reported in the earlier review report.

- 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)

Status: Observation not settled. The case was registered with the ADRC vide Reg. No. ADRC/LD/CASE/03/0085/2021 and judgement rendered. However, RAA did not receive the status of the case as of 31 March 2022.

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; Udeshe 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)

Status: Observation not settled as of 31 March 2022. The case has been forwarded to ACC.

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)

Status: Observation not settled as 31 March 2022. Action needs to be taken to resolve the observation.

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 0.433 MILLION

The cases of non-compliance to laws and rules involving Nu. 2.185 million are as indicated below:

Sl. No.	Observation in Brief	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
4.1	Damaged physical structures	0.433	-	0.433
4.2	Acceptance of poor quality work	0.474	0.474	-
4.3	Excess payment due to Incorrect rate analysis	1.278	1.278	-
	Total	2.185	1.752	0.433

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 drainges 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)

Status: Observation not settled as of 31 March 2022. RAA did not receive response from the Thromde.

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: Yeshi Wangdi, Chief Engineer, EID No.: 200207053)

Status: Observation has been settled as the contractor had carried out rectification works and furnished the pictorial evidences.

- 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 pertains 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: Yeshi Wangdi, Chief Engineer, EID No.: 200207053)

Status: Observation has been settled after carrying out a joint physical verification of rectification works on 6 August 2021.

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)

Status: Observation has been settled as the amount of Nu.1.125 million was deposited with the RAA vide receipt No.01620 dated 09/09/2021 and also the 24% pa penal interest of Nu.0.079 million vide receipt No. 01621 dated 13/09/2021.

- 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 Financiang 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)

Status: Observation has been settled as the amount of Nu.0.153 million was deposited with the RAA vide receipt No.01620 dated 09/09/2021 and also the 24% pa penal interest of Nu.0.011 million vide receipt No. 01621 dated 13/09/2021.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 7.902 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 8.129 million are as indicated below:

Sl. No.	Observation in Brief	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
5.1	Excess Payment to Contractor	4.816	0.121	4.695
5.2	Inadmissible Payment	0.362	0.106	0.256
5.3	Outstanding Advance	0.450	-	0.450
5.4	Non-utilization of advance for intended purpose	2.500	-	2.500
	Total	8.129	0.227	7.902

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.: 200207050 & M/s Gawainyima Construction, CDB No.: 6312; Supervisory: Yeshe Wangdi, Chief Engineer, EID No.: 200207053)

Status: Observation not settled. The case was registered with the ADRC vide Reg. No. ADRC/LD/CASE/03/0085/2021 and stated judgement rendered. However, RAA did not receive the status of the case from Thromde as of 31 March 2022.

- 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: Yeshe Wangdi, Chief Engineer, EID No.: 200207053)

Status: Observation not settled. The case was registered with the ADRC vide Reg. No. ADRC/LD/CASE/03/0085/2021 and stated judgement rendered. However, RAA did not receive the status of the case from Thromde as of March 2022.

- 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)

Status: Observation not settled. The case was registered with the ADRC vide Reg. No. ADRC/LD/CASE/03/0085/2021 and stated judgement rendered. However, RAA did not receive the status of the case from Thromde as of March 2022.

- 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)

Status: Observation not settled. The case was registered with the ADRC vide Reg. No. ADRC/LD/CASE/03/0085/2021 and stated judgement rendered. However, RAA did not receive the status of the case from Thromde as of March 2022.

- 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)

Status: Observation not settled. The case was registered with the ADRC vide Reg. No. ADRC/LD/CASE/03/0085/2021 and stated judgement rendered. However, RAA did not receive the status of the case from Thromde as of March 2022.

- 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)

Status: *Observation not settled. The case was registered with the ADRC vide Reg. No. ADRC/LD/CASE/03/0085/2021 and stated judgement rendered. However, RAA did not receive the status of the case from Thromde as of March 2022.*

- 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: Yeshe Wangdi, Chief Engineer, EID No.: 200207053)*

Status: *Observation has been dropped as it was reported in the earlier review report and settled.*

5.2. 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: Yeshe Wangdi, Chief Engineer, EID No.: 200207053)*

Status: *Observation not settled. The case was registered with the ADRC vide Reg. No. ADRC/LD/CASE/03/0085/2021 and stated judgement rendered. However, RAA did not receive the status of the case from Thromde as of March 2022.*

- 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: Yeshe Wangdi, Chief Engineer, EID No.: 200207053)*

Status: *Observation has been dropped as it was reported in the earlier review report and settled.*

5.3. 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)

Status: Observation not settled. The case was registered with the ADRC vide Reg. No. ADRC/LD/CASE/03/0085/2021 and stated judgement rendered. However, RAA did not receive the status of the case from Thromde as of March 2022.

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)

Status: Observation not settled as the RAA did not receive response from the Thromde as of March 2022.

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 amounting to Nu.1.553 million against AWP was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Project and out of the total irregularities of Nu.1.553 million reported to the Parliament in June 2021; irregularities of Nu.0.154 million was settled leaving a balance of Nu.1.399 million as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	1.553	0.154	1.399	9.92
	Total	1.553	0.154	1.399	9.92

The details of unsettled irregularity reported to the Parliament in June 2021, irregularities resolved thereafter and the unresolved ones as on 31 March 2022 are as discussed below.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU.1.399 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 1.553 million are as indicated below:

Sl. No.	Observation in Brief	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
5.1	Unadjusted Insurance Premium Advance	0.125	-	0.125
5.2	Outstanding Advances to Creditors	0.680	-	0.680
5.3	Non follow-up of the debtors	0.317	-	0.317
5.4	Non-adjustment of CWIP	0.156	-	0.156
5.5	Non-maintenance of Deposit Records	0.120	-	0.120
5.6	Non-capitalization of Assets	0.154	0.154	-
	Total	1.553	0.154	1.399

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)

Status: Observation not settled as of 31 March 2022.

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)

Status: Observation not settled as of 31 March 2022.

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)*

Status: *Observation not settled as of 31 March 2022.*

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)*

Status: *Observation not settled as of 31 March 2022.*

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)*

Status: *Observation not settled as of 31 March 2022.*

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)*

Status: *Observation not settled as of 31 March 2022.*

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)

Status: Observation settled vide letter no. RAA/OAAG-Pling/AWP(Samtse)-C9/2021/958 dated 10/9/2021

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 amounting to Nu.0.618 million against BAIL was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the BAIL, however, the irregularity remained unresolved as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
3	Mismanagement	0.618	-	0.618	-
	Total	0.618	-	0.618	-

The details of unsettled irregularity reported to the Parliament in June 2021 which remained unresolved as on 31 March 2022 is as discussed below.

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)

Status: Observation not settled as of 31 March 2022.

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 amounting to Nu.2.806 million against BDFL was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the BDFL and the irregularities were settled as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	2.806	2.806	-	100
	Total	2.806	2.806	-	100

The details of unsettled irregularity reported to the Parliament in June 2021 which were settled as on 31 March 2022 are as discussed below.

5. SHORTFALLS, LAPSES AND DEFICIENCIES

The cases of shortfalls, lapses and deficiencies involving Nu.2.806 million are as indicated below:

Sl. No.	Observation in Brief	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
5.2	Understatement of Purchase	0.317	0.317	-
5.3	Outstanding Advance to Suppliers	2.489	2.489	-
	Total	2.806	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)

Status: Observation has been settled based on Statutory Audit Report No. RAA(SA-38)COAD/2021/1170 dated 12th July 2021 AIN 17414.

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)

Status: Observation has been settled based on Statutory Audit Report No. RAA(SA-38)COAD/2021/1170 dated 12th July 2021 AIN 17414.

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 amounting to Nu.1.782 million against Bhutan Post was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Bhutan Post and out of the total irregularities of Nu.1.782 million reported to the Parliament in June 2021; irregularities of Nu.0.138 million was settled leaving a balance of Nu. 1.644 million as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	1.782	0.138	1.644	7.74
	Total	1.782	0.138	1.644	7.74

The details of unsettled irregularity reported to the Parliament in June 2021, irregularities resolved thereafter and the unresolved ones as on 31 March 2022 are as discussed below.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 1.644 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 1.782 million are as indicated below:

Sl. No.	Observation in Brief	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
5.1	Differences in the value of artifacts	0.138	0.138	-
5.2	Outstanding Trade & other receivables	1.644	-	1.644
	Total	1.782	0.138	1.644

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)

Status: Observation has been settled based on Statutory Audit Report No. RAA(SA-03)/COAD/2021/820 dated 20th May 2021 AIN 17289.

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)

Status: Observation not settled as of 31 March 2022.

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)

Status: Observation not settled as of 31 March 2022.

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)

Status: Observation not settled as of 31 March 2022.

- 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)

Status: Observation not settled as of 31 March 2022.

- 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)

Status: Observation not settled as of 31 March 2022.

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 amounting to Nu.0.602 million against BPCL was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the BPCL, however, the irregularity remained unsettled as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
2	Embezzlement	0.602	-	0.602	-
	Total	0.602	-	0.602	-

The details of unsettled irregularity reported to the Parliament in June 2021 which remained unsettled as on 31 March 2022 is as discussed below.

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)*

Status: *Observation not settled as of 31 March 2022. As per letter No. BPC/LEGAL OFFICE/2021/42 dated 11/2/2021 the case is under investigation by ACC.*

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 irregularities amounting to Nu.0.664 million against CDCL was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the CDCL, however, the irregularity remained unsettled as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	0.664	-	0.664	-
	Total	0.664	-	0.664	-

The details of unsettled irregularity reported to the Parliament in June 2021 which remained unsettled as on 31 March 2022 are as discussed below.

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	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
5.1	Excess payment	0.319	-	0.319
5.2	Payment of BST from loan	0.345	-	0.345
	Total	0.664	-	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)

Status: Observation not settled as of 31 March 2022.

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)

Status: Observation not settled as of 31 March 2022.

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 amounting to Nu.6.113 million against DACL was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the DACL and out of the total irregularities of Nu.6.133 million reported to the Parliament in June 2021; irregularities of Nu.4.018 million was settled leaving a balance of Nu.2.095 million as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	0.377	0.377	-	100
5	Shortfalls, lapses and deficiencies	5.736	3.641	2.095	63.48
	Total	6.113	4.018	2.095	65.73

The details of unsettled irregularity reported to the Parliament in June 2021, irregularities resolved thereafter and the unresolved ones as on 31 March 2022 are as discussed below.

4. NON-COMPLIANCE TO LAWS AND RULES

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 was 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)

Status: Observation has been settled based on the Statutory Audit Report No. RAA(SA-10)COAD/2021/1277 dated 26th July 2021 AIN 17471.

5. SHORTFALLS, LAPSES & DEFICIENCIES – NU. 2.095 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 5.736 million are as indicated below:

Sl. No.	Observation in Brief	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
5.1	No year-end balance confirmation certificate	2.063	2.063	-
5.2	Unadjusted Debtor Balances	3.603	1.578	2.025
5.3	Excess payment	0.070	-	0.070
	Total	5.736	3.641	2.095

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)

Status: Observation has been settled based on Statutory Audit Report No. RAA(SA-10)COAD/2021/1277 dated 26th July 2021 AIN 17471.

- 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)

Status: Observation has been settled based on Statutory Audit Report No. RAA(SA-10)COAD/2021/1277 dated 26th July 2021 AIN 17471.

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

Status: *Observation partially settled. Out of Nu.1.601 million; Nu. 0.105 million settled leaving a balance of Nu.1.496 million as per the Statutory Audit Report No. RAA(SA-10)COAD/2021/1277 dated 26th July 2021 AIN 17471.*

- 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)*

Status: *Observation partially settled. Out of Nu.2.002 million; Nu.1.473 million settled leaving a balance of Nu.0.529 million as per the Statutory Audit Report No. RAA(SA-10)COAD/2021/1277 dated 26th July 2021 AIN 17471.*

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)*

Status: *Observation not settled as of 31 March 2022.*

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 irregularities amounting to Nu.7.498 million against DGPC was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the DGPC and out of the total irregularities of Nu.7.498 million reported to the Parliament in June 2021; irregularities of Nu.6.599 million was settled leaving a balance of Nu.0.899 million as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
3	Mismanagement	4.135	4.135	-	100
5	Shortfalls, lapses and deficiencies	3.363	2.464	0.899	73.27
	Total	7.498	6.599	0.899	88.01

The details of unsettled irregularity reported to the Parliament in June 2021, irregularities resolved thereafter and the unresolved ones as on 31 March 2022 are as discussed below.

3. MISMANAGEMENT

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)*

Status: *Observation has been settled based on the follow-up report letter No. RAA/FUCD(SA-10)BHSL/2021/1899 dated 20th October 2021.*

5. SHORTFALLS, LAPSES & DEFICIENCIES - NU. 0.889 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; Yeshe Jamtsho, Finance Officer, CID No.: 10205004398 & Dodo, Finance Officer, CID No.: 10502000891); Supervisory: Namgay Wangdi, Head, Central Accounts, CID No.: 10603001557)*

Status: *Observation partially settled. Out of Nu.0.980 million; Nu. 0.081 million settled leaving a balance of Nu.0.899 million vide follow-up report No.RAA/FUCD/(SA-19)DGPCL/2021/289 dated 12th March 2021.*

- 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 (Finace), CID No.: 10203001412)

Status: Observation has been settled based on the Statutory Audit Report RAA(SA-28)COAD/ 2021/447 dated 01/04/2021 AIN 17172.

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 amounting to Nu.55.440 million against KCL was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the KCL, however, the irregularities could not be settled as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	55.440	-	55.440	-
	Total	55.440	-	55.440	-

The details of unsettled irregularity reported to the Parliament in June 2021 which remained unsettled as on 31 March 2022 is as discussed below.

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)

Status: Observation not settled as of 31 March 2022.

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 amounting to Nu.3.720 million against FMCL was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the FMCL and out of the total irregularities of Nu.3.720 million reported to the Parliament in June 2021; irregularities of Nu.3.135 million was settled leaving a balance of Nu.0.585 million as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
2	Embezzlement	0.451	-	0.451	-
3	Mismanagement	3.269	3.135	0.134	95.90
	Total	3.720	3.135	0.585	84.27

The details of unsettled irregularity reported to the Parliament in June 2021, irregularities resolved thereafter and the unresolved ones as on 31 March 2022 are as discussed below.

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)

Status: Observation not settled as of 31 March 2022. The case is under Royal Court of Justice, Paro vide letter No. RAA/FUCD/FMCL/2021/625 dated 6/9/2021.

3. MISMANAGEMENT – NU. 0.134 MILLION

The cases of non-compliance to laws and rules involving Nu. 3.269 million are as indicated below:

Sl. No.	Observation in brief	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
3.1	POL Revenue not deposited in the bank	0.261	0.261	-
3.2	NON-deposit of other revenues	2.874	2.874	-
3.3	Excess Hiring charges collected from farmers	0.134	-	0.134
	Total	3.269	3.135	0.134

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)

Status: Observation has been settled based on the ATR submitted by the management vide letter No. FMCL/RFMCL/01/2021/004 dated 28.1.2021 and review conducted by the audit team.

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)

Status: Observation has been settled based on the ATR submitted by the management vide letter No. FMCL/RFMCL/01/2021/004 dated 28.1.2021 and review conducted by the audit team.

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 to hire at the approved subsidized rates. (AIN: 17012; OB No.: 4; Accountabilities: Direct: Choney Dorji, DFP, CID No.: 11503001497; Supervisory: Yeshi Choden, Regional Manager, EID No.: 11009001198)

Status: Observation not settled as of 31 March 2022. A follow-up reminder has been sent vide letter No. RAA/FUCD/FMCL/2021.

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 amounting to Nu.0.673 million against NHDCL was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the NHDCL, however, the irregularities could not be resolved as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	0.673	-	0.673	-
	Total	0.673	-	0.673	-

The details of unsettled irregularity reported to the Parliament in June 2021 which remained unresolved as on 31 March 2022 are as discussed below.

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)

Status: Observation not settled as of 31 March 2022. A follow-up report has been sent vide RAA/FUCD/NHDCL/2021/544 dated 14/4/2021.

- 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)

Status: Observation not settled as of 31 March 2022. A follow-up report has been sent vide RAA/FUCD/NHDCL/2021/544 dated 14/4/2021.

- 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)

Status: Observation not settled as of 31 March 2022. A follow-up report has been sent vide RAA/FUCD/NHDCL/2021/544 dated 14/4/2021.

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:

The significant unresolved irregularities amounting to Nu.0.055 million against PCAL was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the PCAL and the irregularities were settled as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	0.055	0.055	-	100
	Total	0.055	0.055	-	100

The details of unsettled irregularity reported to the Parliament in June 2021 which got settled as on 31 March 2022 is as discussed below.

5. SHORTFALLS, LAPSES & DEFICIENCIES

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)

Status: Observation has been settled based on the Statutory Audit Report No. RAA(SA-19)/COAD/2021/1208 date 16/07/2021. AIN 17425.

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 amounting to Nu.3.568 million against SLC was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the SLC and out of the total irregularities of Nu.3.568 million reported to the Parliament in June 2021; irregularities of Nu.2.971 million was settled leaving a balance of Nu.0.597 million as on 31 March 2022 as shown in the table below.

Category Code	Sarpang Layer Corporative	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	3.484	2.971	0.513	85.28
5	Shortfalls, lapses and deficiencies	0.084	-	0.084	-
	Total	3.568	2.971	0.597	83.27

The details of unsettled irregularity reported to the Parliament in June 2021, irregularities resolved thereafter and the unresolved ones as on 31 March 2022 are as discussed below.

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 0.513 MILLION

The cases of non-compliance to laws and rules involving Nu. 3.484 million are as indicated below:

Sl. No.	Observation in rief	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
4.1	Excess Payment of house rent	0.091	-	0.091
4.2	Unreconciled closing fund balance	0.422	-	0.422
4.3	Short deposit of funds	1.770	1.770	-
4.4	Outstanding Payments	1.009	1.009	-
4.5	Outstanding receivables	0.101	0.101	-
4.6	Outstanding dues from agents	0.091	0.091	-
	Total	3.484	2.971	0.513

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 an 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)*

Status: *Observation not settled as on 31 March 2022. A reminder has been sent vide letter No. RAA/OAAG(T)/FUS-02/2020-2021/0569 dated 14/04/2021.*

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)

Status: *Observation not settled as on 31 March 2022. A reminder has been sent vide letter No. RAA/OAAG(T)/FUS-02/2020-2021/0569 dated 14/04/2021.*

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)*

Status: *Observation has been settled vide follow-up report No. RAA/OAAG(T)/FUS-02/2021-2022/0302 dated 18/11/2021.*

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)*

Status: *Observation has been settled vide follow-up report No. RAA/OAAG(T)/FUS-02/2021-2022/0302 dated 18/11/2021.*

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 pertain 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)*

Status: *Observation has been settled vide follow-up report No. RAA/OAAG(T)/FUS-02/2021-2022/0302 dated 18/11/2021.*

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 pertain 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)

Status: Observation has been settled vide follow-up report No. RAA/OAAG(T)/FUS-02/2021-2022/0302 dated 18/11/2021.

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 pertain 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)

Status: Observation not settled as of 31 March 2022. A reminder has been sent vide letter No. RAA/OAAG(T)/FUS-02/2020-2021/0569 dated 14/04/2021.

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 amounting to Nu.149.980 million against STCBL was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the STCBL and out of the total irregularities of Nu.149.980 million reported to the Parliament in June 2021; irregularities of Nu.0.907 million was settled leaving a balance of Nu.149.073 million as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
2	Embezzlement	2.572	0.571	2.001	22.20
4	Non-Compliance to laws and rules	3.651	0.336	3.315	9.20
5	Shortfalls, lapses and deficiencies	143.757	-	143.757	-
	Total	149.980	0.907	149.073	0.60

The details of unsettled irregularity reported to the Parliament in June 2021, irregularities resolved thereafter and the unresolved ones as on 31 March 2022 are as discussed below.

2. EMBEZZLEMENT –NU.2.001

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)*

Status: *Observation has been settled vide Statutory Audit Report No. RAA/(SA-21)/COAD/2021/1596 date 02/09/2021. AIN 17546.*

- 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)*

Status: *Observation not settled as of 31 March 2022.*

- 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)

Status: Observation not settled as of 31 March 2022.

- 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)

Status: Observation not settled as of 31 March 2022.

- 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)

Status: Observation not settled as of 31 March 2022.

4. NON-COMPLIANCE TO LAWS AND RULES – NU. 3.315 MILLION

The cases of non-compliance to laws and rules involving Nu. 3.651 million are as indicated below:

Sl. No.	Observation in brief	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
4.1	Taxes booked in Profit and loss Account	0.336	0.336	-
4.2	Non-recognition of NRV of the Inventory	1.809	-	1.809
4.3	Outstanding Debtor	1.506	-	1.506
	Total	3.651	0.336	3.315

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: Chenchu, Chief Finance Officer, CID No: 11705000224)*

Status: *Observation has been settled based on the response letter No. STCB/IAU/RAA/(IA-74)/2021/23 date 8th July 2021.*

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)*

Status: *Observation not settled as of 31 March 2022.*

4.3. OUTSTANDING DEBTOR - NU. 1.506 MILLION

The STCBL had outstanding receivable amounting to Nu. 1.506 million against Mr. Subash Tamang for 3 units of Eicher Terra 16 XP vehicle. Mr Subash Tamang 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)*

Status: *Observation not settled as of 31 March 2022.*

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: Chenchu, Chief Finance Officer, CID No.: 11705000224)

Status: *Observation not settled as of 31 March 2022.*

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 amounting to Nu.0.288 million against WCC was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the WCC and the irregularities were settled as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
3	Mismanagement	0.288	0.288	-	100
	Total	0.288	0.288	-	100

The details of unsettled irregularity reported to the Parliament in June 2021 which got settled as on 31 March 2022 is as discussed below.

3. MISMANAGEMENT

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)*

Status: *Observation has been settled based on the audit report No. RAA(SA-22)COAD/2021/464 dated 02/04/2021 AIN 17174.*

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 amounting to Nu.311.021 million against BDBL was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the BDBL and out of the total irregularities of Nu.311.021 million reported to the Parliament in June 2021; irregularities of Nu.7.887 million was settled leaving a balance of Nu.303.134 million as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	3.643	-	3.643	-
5	Shortfalls, lapses and deficiencies	307.378	7.887	299.491	2.57
	Total	311.021	7.887	303.134	2.54

The details of unsettled irregularity reported to the Parliament in June 2021, irregularities resolved thereafter and the unresolved ones as on 31 March 2022 are as discussed below.

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	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
4.1	Sanction of additional loans without legitimate documents	1.300	-	1.300
4.2	Loan appraisal and sanction by same official	0.700	-	0.700
4.3	Over Valuation of Collateral Security	0.700	-	0.700
4.4	No signature in loan agreement	0.943	-	0.943
	Total	3.643	-	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)

Status: Observation not settled as of 31 March 2022. A follow-up report has been sent vide letter No.RAA/Bt(fus-01/2021/731 dated 17/05/2021.

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)

Status: Observation not settled as of 31 March 2022. A follow-up report has been sent vide letter No.RAA/Bt(fus-01/2021/731 dated 17/05/2021.

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)

Status: Observation not settled as of 31 March 2022. A follow-up report has been sent vide letter No.RAA/Bt(fus-01/2021/731 dated 17/05/2021.

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)

***Status:** Observation not settled as of 31 March 2022. A follow-up report has been sent vide letter No.RAA/Bt(fus-01/2021/731 dated 17/05/2021.*

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 299.491 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 307.378 million are as indicated below:

Sl. No.	Observation in Brief	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
5.1	Missing Loan files	2.997	-	2.997
5.2	Issuance of no objection certificate before liquidation of loan	0.115	-	0.115
5.3	Huge case of defaulted loans	145.818	-	145.818
5.4	Term Expired defaulted loans	39.582	-	39.582
5.5	Pending court registration for defaulted loans	82.803	-	82.803
5.6	Non-liquidation of loan after even court verdict	0.676	-	0.676
5.7	Defaulted Personal Loan	0.462	-	0.462
5.8	Defaulted Overdraft Loan	1.500	-	1.500
5.9	Outstanding Loans	33.425	7.887	25.538
	Total	307.378	7.887	299.491

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)*

***Status:** Observation not settled as of 31 March 2022. A follow-up report has been sent vide letter No.RAA/Bt(fus-01/2021/731 dated 17/05/2021.*

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)

Status: *Observation not settled as of 31 March 2022. A follow-up report has been sent vide letter No.RAA/Bt(fus-01/2021/731 dated 17/05/2021.*

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)*

Status: *Observation not settled as of 31 March 2022. A follow-up report has been sent vide letter No.RAA/Bt(fus-01/2021/731 dated 17/05/2021.*

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)*

Status: *Observation not settled as of 31 March 2022. A follow-up report has been sent vide letter No.RAA/Bt(fus-01/2021/731 dated 17/05/2021.*

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 Demi, CID No.: 11701000199; Supervisory: Parish Bhandari, CID No. 11306001543)*

Status: *Observation not settled as of 31 March 2022. A follow-up report has been sent vide letter No.RAA/Bt (fus-01/2021/731 dated 17/05/2021.*

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 judgment 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)

Status: Observation not settled as of 31 March 2022. A follow-up report has been sent vide letter No.RAA/Bt(fus-01/2021/731 dated 17/05/2021.

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)

Status: Observation not settled as of 31 March 2022. A follow-up report has been sent vide letter No.RAA/Bt(fus-01/2021/731 dated 17/05/2021.

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)

Status: Observation not settled as of 31 March 2022. A follow-up report has been sent vide letter No.RAA/Bt(fus-01/2021/731 dated 17/05/2021.

5.9. OUTSTANDING LOANS – NU. 25.538 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)

Status: Observation partially settled. Out of Nu.33.425 million; Nu.7.887 million dropped based on the supporting documents submitted vide letter No.BDBL/SPG/10/2020/338 of 14/10/2020 leaving a balance amount of Nu.25.538 million as of 31 March 2022.

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:

The significant unresolved irregularities amounting to Nu.160.442 million against BoBL was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the BoBL and out of the total irregularities of Nu.160.442 million reported to the Parliament in June 2021; irregularities of Nu.2.725 million was settled leaving a balance of Nu.157.717 million as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	160.442	2.725	157.717	1.70
	Total	160.442	2.725	157.717	1.70

The details of unsettled irregularity reported to the Parliament in June 2021, irregularities resolved thereafter and the unresolved ones as on 31 March 2022 are as discussed below.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 157.717 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 160.442 million are as indicated below:

Sl. No.	Observation in Brief	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
5.1	Overdraft facility for Insurance premium payment	2.731	-	2.731
5.2	Overdue loans	147.954	-	147.954
5.3	Term Expired Loans	9.757	2.725	7.032
	Total	160.442	2.725	157.717

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: Yeshe Wangmo, Branch Manager, EID/CID No.2173/11504003826)

Status: Observation not settled as of 31 March 2022.

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: Yeshe Wangmo, Branch Manager, EID/CID No.2173/11504003826)

Status: Observation not settled as of 31 March 2022.

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: Yeshe Wangmo, Branch Manager, EID/CID No.2173/11504003826)

Status: Observation partially settled. Out of Nu.9.049 million; Nu.2.752 million settled against Tenzin Wangchuk as per the letter No.150/40/audit/2021/69 dated 08/04/2021 leaving a balance of Nu.6.297 million as of 31 March 2022.

- 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)

Status: Observation not settled as of 31 March 2022. A reminder has been served vide letter No.RAA/Bt(fus-01/2021/14 dated 09/07/2021.

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 unresolved irregularities amounting to Nu. 183.445 million against RICBL was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the RICBL, however, the irregularities could not be settled as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	183.445	-	183.445	-
	Total	183.445	-	183.445	-

The details of unsettled irregularity reported to the Parliament in June 2021 which remained unsettled as on 31 March 2022 is as discussed below.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU.183.445 MILLION

The case of shortfalls, lapses and deficiencies involving Nu. 183.445 million are as indicated below:

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)

Status: Observation not settled as of 31 March 2022.

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 against BARC was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the BARC and the irregularities were settled as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount settled (Nu. M)	Bal. as of 31/03/ 2022	% Resolved
5	Shortfalls, lapses and deficiencies	3.386	3.386	-	100
	Total	3.386	3.386	-	100

The details of unsettled irregularity reported to the Parliament in June 2021 which got settled as on 31 March 2022 is as discussed below.

5. SHORTFALLS, LAPSES AND DEFICIENCIES

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)

Status: Observation settled based on the follow-up conducted by the subsequent audit team during the audit of the financial year 2020 and reported through the audit report reference No.RAA/(OSA-01)/AR-BARC/2021/869 dated 27/05/2021, AIN 17298.

3.8.2. GOGONA KANJUR TSHOGPA

During the year, the RAA had issued one audit report of the Gogona Kanjur Tshogpa (GKT). 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 irregularities amounting to Nu. 2.132 million against GKT was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the GKT and the total were settled as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
2	Embezzlement	0.027	0.027	-	100
3	Mismanagement	0.105	0.105	-	100
4	Non-Compliance to laws and rules	2.000	2.000	-	100
	Total	2.132	2.132	-	100

The details of unsettled irregularity reported to the Parliament in June 2021 which were settled as on 31 March 2022 are as discussed below.

2. EMBEZZLEMENT

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)

Status: Observation has been settled as the amount was deposited into Kanjur Tshogpa Account maintained with T Bank Limited. Further the previous Board Members were terminated.

3. MISMANAGEMENT

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)

Status: *Observation has been settled as the amount was deposited into Kanjur Tshogpa Account maintained with T Bank Limited. Further the previous Board Members were terminated.*

4. NON-COMPLIANCE TO LAWS & RULES

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)

Status: *Observation has been settled as the Tshogpa has started operation of the Account in the name of Kanjur Tshogpa as recommended by the audit.*

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 against MBRC was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the MBRC, however, the irregularity remained unsettled as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	4.550	-	4.550	-
	Total	4.550	-	4.550	-

The details of unsettled irregularity reported to the Parliament in June 2021 which remained unsettled as on 31 March 2022 is as discussed below.

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)*

Status: *Observation not settled as of 31 March 2022. A follow-up report was sent vide letter No.RAA/FUCD(F80)MBRC/2021/217 dated 03/03/2021.*

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:

The significant unresolved irregularities amounting to Nu. 2.479 million against TAF was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the TAF and the irregularity was settled as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	2.479	2.479	-	100
	Total	2.479	2.479	-	100

The details of unsettled irregularity reported to the Parliament in June 2021 which got settled as on 31 March 2022 is as discussed below.

5. SHORTFALLS, LAPSES AND DEFICIENCIES

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)

Status: Observation has been settled as the ownership of the vehicle was changed in the name of the Foundation as intimated vide letter No. 04/04 dated 25/10/2021.

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 against TDF was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the TDF and out of the total irregularities of Nu.34.423 million reported to the Parliament in June 2021; irregularities of Nu. 14.730 million was settled leaving a balance of Nu. 19.693 million as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
5	Shortfalls, lapses and deficiencies	34.423	14.730	19.693	42.79
	Total	34.423	14.730	19.693	42.79

The details of unsettled irregularity reported to the Parliament in June 2021, irregularities resolved thereafter and the unresolved balance as on 31 March 2022 is as discussed below.

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 19.693 MILLION

The cases of shortfalls, lapses and deficiencies involving Nu. 34.423 million is as indicated below:

5.1. WRITEOFF OF TEMPORARY LENDING– NU.34.432 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: 16447; OB No.: 1; Accountabilities: Direct: Dechen Wangdi, BOD, CID No.: 11513002337; Supervisory: Sithar Dorji, Vice President, CID No.: 11306002455)

Status: Observation partially settled. Out of Nu.34.423 million; Nu. 14.730 millions has been recovered leaving a balance of Nu. 19.693 millions as intimated vide letter No.TDF/AR/17/2021/414 dated 05/11/2021.

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 amounting to Nu. 5.910 million against RENEW Secretariat was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Secretariat and out of the total irregularities of Nu. 5.910 million reported to the Parliament in June 2021; irregularities of Nu.3.825 million was settled leaving a balance of Nu.2.085 million as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
3	Mismanagement	2.281	2.281	-	100
4	Non-Compliance to laws and rules	1.449	1.449	-	100
5	Shortfalls, lapses and deficiencies	2.180	0.095	2.085	4.36
	Total	5.910	3.825	2.085	64.72

The details of unsettled irregularity reported to the Parliament in June 2021, irregularities resolved thereafter and the unresolved ones as on 31 March 2022 are as discussed below.

3. MISMANAGEMENT

The cases of mismanagement involving Nu. 2.281 million are as indicated below:

Sl. No.	Observation in rief	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
3.1	Unpaid dues	1.425	1.425	-
3.2	Unnecessary cash withdrawal	0.856	0.856	-
	Total	2.281	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)*

Status: *Observation has been settled as the copies of the supporting documents for the settlement of outstanding dues to various parties amounting to Nu. 1.425 million were received and verified by the RAA.*

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)

Status: *Observation has been settled as 5% penalty was imposed and recovered from the accountable person which was verified by the RAA.*

4. NON-COMPLIANCE TO LAWS & RULES

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)*

Status: *Observation has been settled based on the justification furnished vide letter No.RENEW/Audit/2021/0094 dated 7th April 2021.*

5. SHORTFALLS, LAPSES AND DEFICIENCIES – NU. 2.085 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)*

Status: *Observation partially settled. Out of Nu.2.180 million; Nu.0.095 million reported settled vide letter No. RENEW/Acct-RAA/2021/0080 dated 22/03/2021 leaving a balance of Nu. 2.085 million as of 31 March 2022.*

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 amounting to Nu. 7.590 million against SMGGD was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the SMGGD, however, the irregularities could not be resolved as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
2	Embezzlement	1.061	-	1.061	-
4	Non-Compliance to laws and rules	0.201	-	0.201	-
5	Shortfalls, lapses and deficiencies	6.328	-	6.328	-
	Total	7.590	-	7.590	-

The details of unsettled irregularity reported to the Parliament in June 2021 which remained unresolved as on 31 March 2022 are as discussed below.

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)*

Status: Observation not settled as of 31 March 2022. Reconcillation report of the accounts is awaited.

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)

Status: Observation not settled as of 31 March 2022. The amount of Nu.0.201 million stands recoverable.

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	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
5.1	Outstanding payments to members	1.583	-	1.583
5.2	Short recovery	0.255	-	0.255
5.3	Cash shortages	3.773	-	3.773
5.4	Payments cleared by Chairman	0.717	-	0.717
	Total	6.328	-	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)

Status: Observation not settled as of 31 March 2022. The amount of Nu.1.583 million stands recoverable.

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)

Status: *Observation not settled as of 31 March 2022. The amount of Nu.0.255 million stands recoverable.*

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)*

Status: *Observation not settled as of 31 March 2022. The amount of Nu.3.773 million stands recoverable.*

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)*

Status: *Observation not settled as of 31 March 2022. The amount of Nu.0.717 million stands recoverable.*

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 balance of Nu. 0.214 million.

The significant unresolved irregularities amounting to Nu. 0.214 million against the Foundation was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the Foundation and the irregularities were settled as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	0.214	0.214	-	100
	Total	0.214	0.214	-	100

The details of unsettled irregularity reported to the Parliament in June 2021 which got settled as on 31 March 2022 is as discussed below.

4. NON-COMPLIANCE TO LAWS AND RULES

The cases of non-compliance to laws and rules involving Nu.0.214 million is as indicated below:

4.1. ACCEPTANCE OF HIGHER RATES RESULTING 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)*

Status: *Observation has been settled as the excess payment of Nu.0.314 million was recovered from the supplier and deposited into Tarayana Foundation Account No. 5000333333039 maintained with BNBL.*

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 amounting to Nu. 2.110 million against UPZPC was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the UPZPC and the irregularity was settled as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	2.110	2.110	-	100
	Total	2.110	2.110	-	100

The details of unsettled irregularity reported to the Parliament in June 2021 which got resolved as on 31 March 2022 is as discussed below.

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)

Status: *Observation has been settled as the management furnished supporting documents like the cash memos, bills and other related documents for the expenditure incurred and verified by the RAA.*

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 amounting to Nu. 6.379 million against MHEP was reported in the 5th Session of the third Parliament in June 2021 as summarized below.

In line with Chapter 6 Section 119 to 123 of the Audit Act of Bhutan 2018, the RAA had conducted follow-up with the MHEP and the irregularities were resolved as on 31 March 2022 as shown in the table below.

Category Code	Category Description	Irregularities reported to the Parliament in June 2021 (Nu.M)	Amount resolved (Nu.M)	Balance as of 31/03/2022 (Nu.M)	% Resolved
4	Non-Compliance to laws and rules	4.293	4.293	-	100
5	Shortfalls, lapses and deficiencies	2.086	2.086	-	100
	Total	6.379	6.379	-	100

The details of unsettled irregularity reported to the Parliament in June 2021 which were resolved as on 31 March 2022 are as discussed below.

4. NON-COMPLIANCE TO LAWS AND RULES

The cases of non-compliance to laws and rules involving Nu. **4.293** million are as indicated below:

Sl. No.	Observation in Brief	Amount (Nu. M)	Amount settled (Nu. M)	Bal. as of 31 March 2022
4.1	Delay in construction of memorial monuments and liquidated damages thereof	0.391	0.391	-
4.2	Non-submission of performance security by the contractor	3.902	3.902	-
	Total	4.293	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)*

Status: *Observation has been settled from this report (AIN 16904) as it has been carried forward to the subsequent audit report of 2020-2021. The issue shall be pursued from the subsequent report.*

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)*

Status: *Observation has been settled as the required action was taken by the management.*

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)*

Status: *Observation has been settled based on the clarification letter dated 11/03/2020 received from the NHPC.*

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.

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 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.
