

RAA finds Nu 8 mn embezzled from Thimphu Thromde's revenue and fines account

Case expected to be sent to the ACC for investigation

Thimphu Thromde management issues legal action threat to *The Bhutanese* over the story

An ongoing Performance and Compliance Audit Report of the Thimphu Thromde by the Royal Audit Authority (RAA) has show that around Nu 8 million is missing from the Thromde's account that collects revenue and fines from Thromde residents.

The RAA which has done a thorough review is calling it an embezzlement and the case is expected to be sent to the Anti Corruption Commission (ACC) for investigation since it comes under fraud and corruption.

The Thimphu thromde has two main accounts. The first is the government one through which its gets money from the government, and the second one is its own account where it deposits revenue and fines which it can make use of for the Thromde.

A RAA team had audited the cash revenue collected against the deposit slips by the Thromde from the financial years July 2018 to April 2022.

A review of this showed a shortage of more than Nu 7 mn that was not deposited. The remaining shortage was detected when the RAA did a physical verification of cash balances on 22 July 2022 and found a shortage of more than Nu 800,000 based on the cash book generated from the system.

The total short deposit or embezzlement is around Nu 8 mn.

The audit revealed that the the short deposit of around Nu 7 mn had occurred mainly because of irregular deposit of the revenue collected during the weekends and lockdowns by dealing officials.

This had generally occurred due to the absence or inadequacies of internal control system for revenue management in terms of its existence and operating effectiveness.

For instance, there was no requirement for periodic revenue reconciliation and revenue reporting at all, which should be a foremost basic requirement for any agency handling and managing public revenue.

Moreover, there was a total lack of monitoring and supervision from the management of Thimphu Thromde, which otherwise would have prevented or helped the management to detect such instances in a timely manner.

The RAA issued preliminary observations to the management to reconfirm and justify.

The shortages were confirmed and the management is yet to recover the amount from the dealing officials.

The RAA has asked the Thimphu Thromde to recover the amount from the dealing officials and deposit it into the Audit Recoveries Account besides taking appropriate actions based on the severity of the offenses and ensuring corrective actions to mitigate the risks.

The Bhutanese followed the Thromde's cumbersome process to get information which involves downloading a form, filling it up with the personal details of the reporter like the CID number and contact number and also the questions, and then emailing it to a media relations officer.

The reply came in the next day around noon.

The paper asked about the Nu 8 mn that has been embezzled and asked how it happened and who will be held accountable.

The two-line reply from Thromde instead of answering the question said, "This case is still under review by the RAA. The figures are not constant; as we find new documents, the figures keep changing."

The reporter also asked if there is proper controls and checks for financial accounts in the Thromde.

Here the Thromde gave a one-line response saying, "Yes there are proper controls and checks for financial accounts in the Thromde but it needs to be upgraded."

The response from the Thromde did not answer the reporter's queries, however, the media relations officer in a follow up email threatened the paper with legal consequences on behalf of the Thromde management.

The email said, "Please note that this case is still under review by the RAA and their report has not been finalized. By going ahead with the story, if any incorrect information is reported against the Thimphu Thromde, we will not hesitate to take legal action."

This is the first time in the history of this paper since 2012 that a government agency has threatened legal action over a story and more so over audit findings.

The reporter called the media relations officer and asked who in the Thromde had threatened legal action. The officer only said it was from the 'Thromde management'.

When the reporter asked whether it was the elected Thromde head Thrompon Ugyen Dorji or the administrative or bureaucratic head Executive Secretary Karma Namgyel who issued this threat, the media relation officer declined to answer and said it was the 'Thromde management'.

The RAA declined to share the entire report which has several other findings against the Thromde saying it will be presented to the Parliament first.

However, according to sources, the RAA is confident of its auditing process and findings and has written acknowledgements from the Thromde over the missing money and its efforts to recover it and hold people accountable.

The RAA's embezzlement figures in the Thimphu Thromde are as of September 2022 and may be subject to some minor changes, but embezzlement has been confirmed.

The RAA finding on the embezzling of funds from the Thromde's account used for collecting revenue and fines comes in the recent backdrop of the Thromde announcing a series of large fines from Nu 5,000 to Nu 50,000 for washing cars, parking on the footpath, roof colour etc which will be deposited in the same account.

Unlike most government agencies which has to deposit all fines with the Ministry of Finance or the government, the Thromde as a local government body can deposit them in its own accounts and use it as it see's fit.

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