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**ROYAL AUDIT AUTHORITY**

**ANNUAL AUDIT REPORT 2022-2023**



**VOLUME - I**  

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**MAIN REPORT**

**REPORTING ON ECONOMY, EFFICIENCY & EFFECTIVENESS IN THE USE OF PUBLIC RESOURCE**

"There shall be Royal Audit Authority to audit and report on the economy, efficiency, and effectiveness in the use of public resources."

*(Article 25, The Constitution of The Kingdom of Bhutan)*

## VISION

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

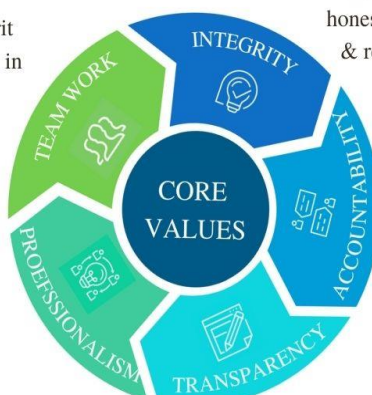
## MISSION

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

### RAA CORE VALUES

**TEAM WORK:** We believe in team spirit and diversity to unleash our full potential in achieving common goals through respect, trust and support.

**PROFESSIONALISM:** We perform quality audit services through dedicated and competent work force conforming to auditing standards and best practices.



**INTEGRITY:** We are independent, honest and incorruptible in our conduct & remain impartial and trustworthy.

**ACCOUNTABILITY:** We are accountable for our own actions in a similar way we propound accountability in audited agencies.

**TRANSPARENCY:** We are transparent in all our dealings and actions, and promote culture of openness and submit ourselves to scrutiny.

## AUDIT JURISDICTION

- Ministries, Departments, Divisions, Units, Dzongkhags, Gewogs, Thromdes, autonomous bodies, foreign-assisted or special projects
- Zhung Dratshang, Rabdeys and all related institution.
- Judiciary and Judicial Bodies, Legislature and related institutions
- Constitutional bodies
- Defense and Security Services
- All corporations, Financial Institutions including the Central Bank and their subsidiaries.
- Political parties
- Any Entity or Activity upon command of the Druk Gyalpo
- All entities including non-governmental organizations, trusts, charities and civil societies fully or partly funded by the government; whose loans are approved or guaranteed by the government; and
- Any entity whether private or public engaged in extracting, processing, trading and mining of natural resources of the State.

Notwithstanding the provisions of any laws relating to the accounts and audit of any public authority, the Parliament, by resolution may direct that the accounts of such entities be audited by the Authority.

*(Section 91 of Audit Act 2018)*



**ANNUAL AUDIT**

**REPORT 2022-23**

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**(IN FULFILLING THE CONSTITUTIONAL RESPONSIBILITY)**

**ROYAL AUDIT AUTHORITY**

## ACRONYM

AAR	:	Annual Audit Report
AFS	:	Annual Financial Statements
AAC	:	Autoclaved Aerated Concrete
ARA	:	Audit Recoveries Account
BCSR	:	Bhutan Civil Service Regulations
BoQ	:	Bill of Quantity
CD	:	Current Deposit Account
CID	:	Citizenship Identity Number
ECCD	:	Early Childhood Care Development
e-PEMS	:	electronic Public Expenditure Management System
FY	:	Financial Year
GIS	:	Group Insurance Scheme
ISSAI	:	International Standards of Supreme Audit Institutions
IPSAS	:	International Public Sector Accounting Standard
LC	:	Letter of Credit
PLC	:	Project Letter of Credit
PEMS	:	Public Financial Management System
PF	:	Provident Fund
RAA	:	Royal Audit Authority
RBA	:	Running Bill Account
RGoB	:	Royal Government of Bhutan
SOP	:	Standard Operating Procedures





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## ROYAL AUDIT AUTHORITY

*Bhutan Integrity House*

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



### SUBMISSION OF ANNUAL AUDIT REPORT 2022-23

In line with **Article 25 (5)** of the Constitution of the Kingdom of Bhutan and **Section 111** of the Audit Act of Bhutan 2018, the Royal Audit Authority (RAA) is pleased to release its Annual Audit Report (AAR) 2022-23. The AAR is a consolidated summary of audit findings from 456 audit reports and one performance audit report issued from 01<sup>st</sup> July 2022 to 30<sup>th</sup> June 2023.

The AAR covers audit reports issued during the last Financial Year thereby aligning with the period covered in the Annual Financial Statement (AFS) of the Royal Government of Bhutan (RGoB).

The AAR is issued in two volumes. Volume-I contains audited Annual Financial Statements of the Royal Government of Bhutan, summary of significant audit findings and performance audit report issued during the period. The Volume-II of the AAR contains the status of total irregularities of audit reports issued between 01<sup>st</sup> July 2022 and 30<sup>th</sup> June 2023.

The AAR also highlights milestones and achievements of the RAA during the period, challenges faced in achieving the mandates, audit impacts and the auditor's report on the accounts and operations of the RAA for the year ended 30<sup>th</sup> June 2023. It is submitted as part of ensuring accountability of RAA for resources used in delivering audit mandates and strengthening its organisational systems and human resources.

(Tashi)

**Auditor General of Bhutan**

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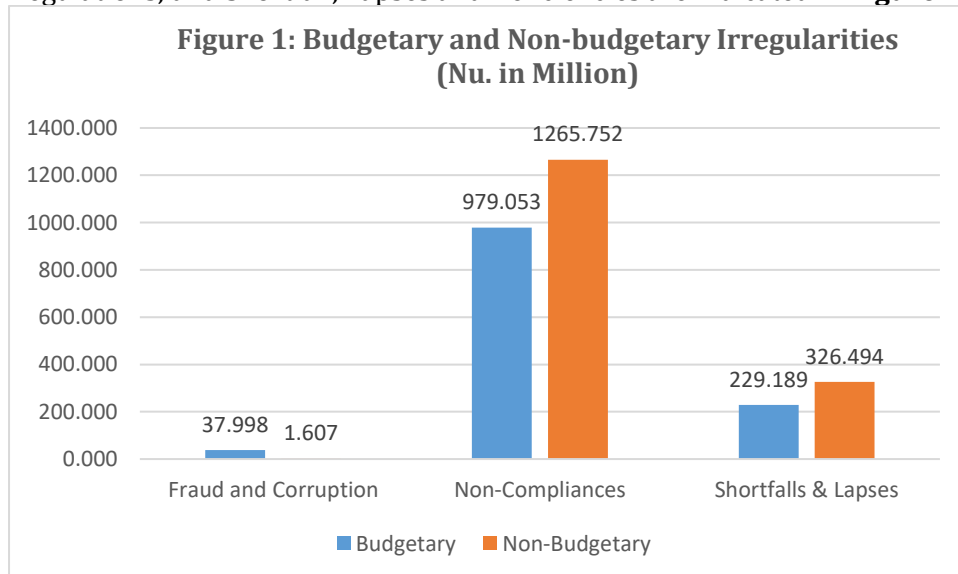
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## 1. EXECUTIVE SUMMARY

The Annual Audit Report 2022-23 contains audited Annual Financial Statements (AFS) of the Royal Government of Bhutan (RGoB) and analysis of audit findings issued during the period. It also contains the performance of RAA for the FY 2022-23. The summary of audit findings reported are from 456 financial and compliance audit reports and one performance audit report issued between 1<sup>st</sup> July 2022 and 30<sup>th</sup> June 2023.

The approved budget of the Royal Government of Bhutan of the FY 2022-2023 was Nu. 74,807.887 million which was revised to Nu. 79,360.850 million. The sources of revised government budget comprised of 41.84% from domestic revenue, 26.32% from grants, 24.49% from borrowings, and 0.02% from other receipts. The RGoB borrowed Nu. 66,367.393 million through T-bills and Nu. 3,603.620 million through bonds besides redeeming of Nu. 75,363.898 million during the year. The debt stock was reduced by Nu. 6,496.505 million in the liability of T-bills leaving a balance of Nu. 9,050.000 million as on 30<sup>th</sup> June 2023. The RGoB also raised Nu. 8,727.508 million from external borrowings including Nu. 7,965.412 million in cash and Nu. 726.096 million in kind. Total grants received during the year amounted to Nu. 14,363.319 million comprising of Nu. 14,093.105 million in cash and Nu. 270.215 million in kind.

The total irregularities for the period amounted to Nu. 2,840.093 million of which 56.12% pertained to non-budgetary agencies<sup>1</sup> and 43.88% pertained to budgetary agencies<sup>2</sup>. The irregularities for budgetary and non-budgetary agencies for Fraud and Corruption; Non-compliance to Laws, Rules & Regulations; and Shortfall, Lapses and Deficiencies are indicated in **Figure 1**.



<sup>1</sup> Non-budgetary agencies include Corporations and Financial Institutions, State Owned Enterprises, Non –Governmental Organisation, Civil Society Organisations, and Hydropower projects.

<sup>2</sup> Budgetary agencies are government organisations including Ministries and Agencies for which annual budgets are included in the appropriation bill and appropriations are made by the National Assembly.

During the period, Nu. 202.458 million was recovered as audit recoveries from both the budgetary (Nu. 190.264 million) and non-budgetary (Nu. 12.194 million) agencies. An additional amount of Nu. 3.211 million was recovered and deposited directly with the DPA.

While irregularities in general have significantly reduced during the year despite increase in the number of audits conducted, the total audit recoveries for the year amounted to Nu. 205.699 million remains highest so far.

The type of irregularities observed during the period showed that there were instances of **Fraud and Corruption** amounting to Nu. 39.605 million of which Ministry of Information and Communication accounted for Nu. 12.718 million (32.11%) and Dzongkhag Administration, Dagana accounted for Nu. 9.213 million (23.25%). Irregularities under **Non-compliance to Laws, Rules and Regulations** amounted to Nu. 2,244.804 million of which Punatshangchu Hydroelectric Project -II accounted for 39.47% and Phuentsholing Township Development Project accounted for 21.35%. Irregularities under **Shortfall, Lapses and Deficiencies** amounted to Nu. 555.683 million of which Druk Holding and Investments accounted for 26.25% and Punatshangchu Hydroelectric Project-II accounted for 24.11%.

The efficiency and effectiveness of control mechanisms are dependent on the monitoring and supervision of the activities that take place within the agencies. Most irregularities point towards lack of accountability and ownership of implementing agencies and officials towards the activities resulting in financial implications to the government. Additionally, implementing agencies do not take actions, as recommended in individual audit reports, to ensure that irregularities pointed out by the RAA are properly treated, officials responsible are sanctioned, and a proper system is put in place to curb the repetition of such irregularities in the future. The RAA also noted that despite issues getting settled in court and verdicts passed, the responsible agencies fail or delay in their actions to enforce the court verdict resulting in piling up of pending issues.

The RAA has provided seven recommendations to improve accountability, governance and public finance management in the country. The RAA believes that, if all agencies collectively prioritize to resolve audit issues, act on the recommendations provided and hold officials accountable for their actions, His Majesty's vision of Bhutan being a 'corruption-free' and 'zero-incidences of non-compliance' can be realized.

The RAA is pleased to note that the number of irregularities have started declining despite increase in number of audits conducted and this in itself is a positive step towards achieving His Majesty's Vision.



## CHAPTER 2

### 2. ANNUAL FINANCIAL STATEMENT OF THE ROYAL GOVERNMENT OF BHUTAN

The RAA audited the Annual Financial Statements (AFS) of the Royal Government of Bhutan for the FY 2022-23 as required by the Audit Act of Bhutan 2018 and the Public Finance Act of Bhutan 2007 (Amendment 2012). The audit was conducted in accordance with the International Standards of Supreme Audit Institutions (ISSAIs).

The approved budget of the RGoB for the FY 2022-23 was Nu. 74,807.887 million which was revised to Nu. 79,360.850 million. The sources of revised government budget comprised of 41.84% from domestic revenue, 26.32% from grants, 24.49% from borrowings, and 0.02% from other receipts. The RGoB borrowed Nu. 66,367.393 million through T-bills and Nu. 3,603.620 million through bonds besides redeeming of Nu. 75,363.898 million during the year. The debt stock was reduced by Nu. 6,496.505 million in the liability of T-bills leaving a balance of Nu. 9,050.000 million as on 30<sup>th</sup> June 2023. The RGoB also raised Nu. 6,103.620 million from bonds besides external borrowings of Nu. 8,727.508 million. Total grants received during the year amounted to Nu. 14,363.319 million comprising of Nu. 14,093.105 million in cash and Nu. 270.215 million in kind.

The total expenditure recorded for the year amounted to Nu. 71,690.977 million resulting into overall underutilization of the revised budget by 9.66%. During the period, there was under-absorption of capital budget by 23.50%.

The Auditor General's report on the AFS and audited financial statements are reproduced herewith.

## 2.1. Certification of Annual Financial Statement

### AUDITOR GENERAL'S REPORT ON THE ANNUAL FINANCIAL STATEMENTS OF THE ROYAL GOVERNMENT OF BHUTAN FOR THE FY ENDED 30<sup>th</sup> JUNE 2023



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ROYAL AUDIT AUTHORITY

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### AUDITOR GENERAL'S REPORT ON THE ANNUAL FINANCIAL STATEMENTS OF THE ROYAL GOVERNMENT OF BHUTAN FOR THE FINANCIAL YEAR ENDED 30<sup>TH</sup> JUNE 2023

#### Opinion

The Royal Audit Authority (RAA) audited the accompanying Annual Financial Statements of the Royal Government of Bhutan (RGoB) for the financial year ended 30<sup>th</sup> June 2023 and summary of explanatory information, which comprise:

- Statement of Cash Receipts and Payments for the Year ended 30<sup>th</sup> June 2023;
- Statement of Comparison of Budget & Actual amounts for the Year ended 30<sup>th</sup> June 2023;
- Notes to the Financial Statements; and
- Significant Accounting Policies

In RAA's opinion, the accompanying Financial Statements including the Notes to Accounts and Significant Accounting Policies have been prepared, in all material respects, in accordance with the Cash Basis International Public Sector Accounting Standards (IPSAS).

#### Basis for Opinion

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

#### Other Matter

As per the information made available by the MoF, there are 633 Letter of Credit (LC) and Project Letter of Project (PLC) Accounts during the period under review. Of the total, the RAA audited 59.7% of the total accounts (280 LC and 98 PLC accounts) for the Financial Year ended 30<sup>th</sup> June 2023. For the remaining Accounts, the RAA verified the year-ended accounts generated from the e-PEMS and relied on the controls instituted by the MoF.

#### Responsibility of the Ministry of Finance for the Financial Statements

The Ministry of Finance (MoF) is responsible for preparation of the annual financial statements in accordance with the Cash Basis International Public Sector Accounting Standards and for such internal control as MoF determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### **RAA's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Annual Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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



(Tashi)  
**Auditor General**

**Date:** 9<sup>th</sup> October 2023



# RECEIPTS AND PAYMENTS STATEMENT FOR THE YEAR ENDED 30<sup>TH</sup> JUNE 2023

## FINANCIAL STATEMENTS FOR FY 2022-2023

### Statement of Cash Receipts and Payments for the Year ended 30<sup>th</sup> June 2023

(Nu. in Millions)

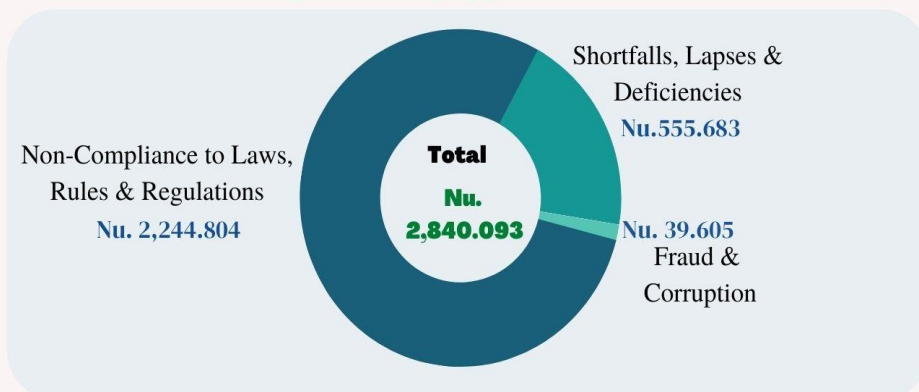
	Notes	Fiscal Year	
		2022-23	2021-22
<b>TOTAL RECEIPTS FROM TAXATION</b>	<b>8</b>	<b>31,466.676</b>	<b>25,843.052</b>
<i>Direct taxes</i>		14,807.582	13,470.385
<i>Indirect taxes</i>		9,949.721	7,961.980
<i>Other taxes</i>		6,709.373	4,410.687
<b>GRANTS AND LOANS RECEIVED</b>		<b>19,165.632</b>	<b>30,804.232</b>
<i>External grants received in cash</i>	<b>9</b>	14,093.105	12,980.258
<i>Cash receipts from external borrowings</i>	<b>10</b>	7,965.412	9,319.737
<i>Receipts from internal borrowings</i>		(2,892.885)	8,504.237
<b>RECOVERY OF LOANS</b>	<b>11</b>	<b>5,087.723</b>	<b>3,937.019</b>
<b>OTHER REVENUE</b>	<b>12</b>	<b>11,474.515</b>	<b>11,544.268</b>
<b>CURRENT REVENUE</b>	<b>13</b>	<b>1,507.174</b>	<b>1,233.824</b>
<b>CAPITAL RECEIPTS</b>	<b>14</b>	<b>426.520</b>	<b>421.931</b>
<b>OTHER RECEIPTS</b>	<b>15</b>	<b>1,230.635</b>	<b>522.550</b>
<b>TOTAL RECEIPTS IN THE YEAR</b>		<b>70,358.875</b>	<b>74,306.876</b>
<b>TOTAL CURRENT EXPENDITURE</b>	<b>16</b>	<b>35,428.018</b>	<b>34,444.717</b>
<i>Operations</i>		32,498.129	30,699.342
<i>Domestic grants and Transfers</i>		2,865.389	3,634.754
<i>Remittances to external parties</i>		64.499	110.621
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>17</b>	<b>33,523.279</b>	<b>34,506.577</b>
<b>ON-LENDING</b>	<b>18</b>	<b>74.988</b>	<b>77.570</b>
<b>TOTAL LOAN REPAYMENT</b>	<b>19</b>	<b>5,650.500</b>	<b>5,447.246</b>
<b>ADVANCE &amp; SUSPENSE</b>	<b>20</b>	<b>(406.052)</b>	<b>229.958</b>
<b>OTHER PAYMENTS</b>	<b>21</b>	<b>2,870.859</b>	<b>(1,622.648)</b>
<b>TOTAL PAYMENTS IN THE YEAR</b>		<b>77,141.592</b>	<b>73,083.420</b>
<b>Increase/(Decrease) in Cash</b>		<b>(6,782.717)</b>	<b>1,223.456</b>
<b>Cash at beginning of year</b>		<b>1,888.479</b>	<b>665.023</b>
<b>Cash at end of year</b>		<b>(4,894.238)</b>	<b>1,888.479</b>

  
 (Norbu Dendup)  
 Director  
 Department of Treasury & Accounts  
 Ministry of Finance

  
 Deputy Auditor General  
 Department of Performance &  
 Compliance Audit  
 Royal Audit Authority

## SUMMARY OF AUDIT FINDINGS

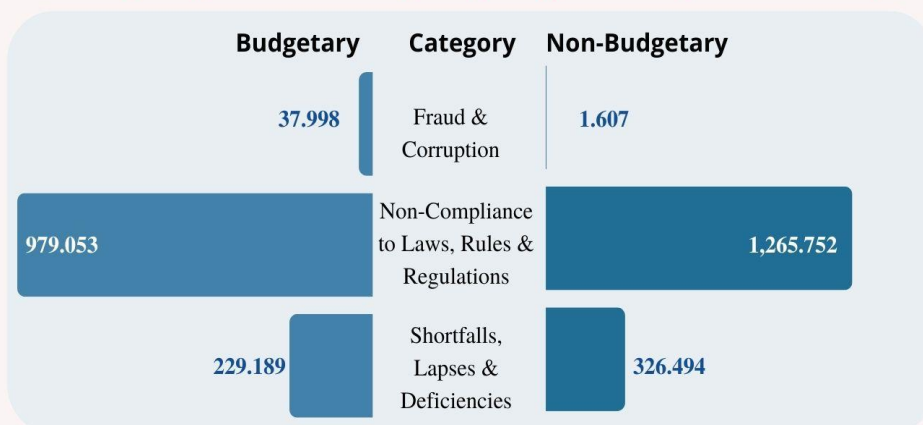
### Irregularities by Type (Nu. in million)



### Irregularities by Percentage



### Budgetary and Non-Budgetary Irregularities (Nu. in million)

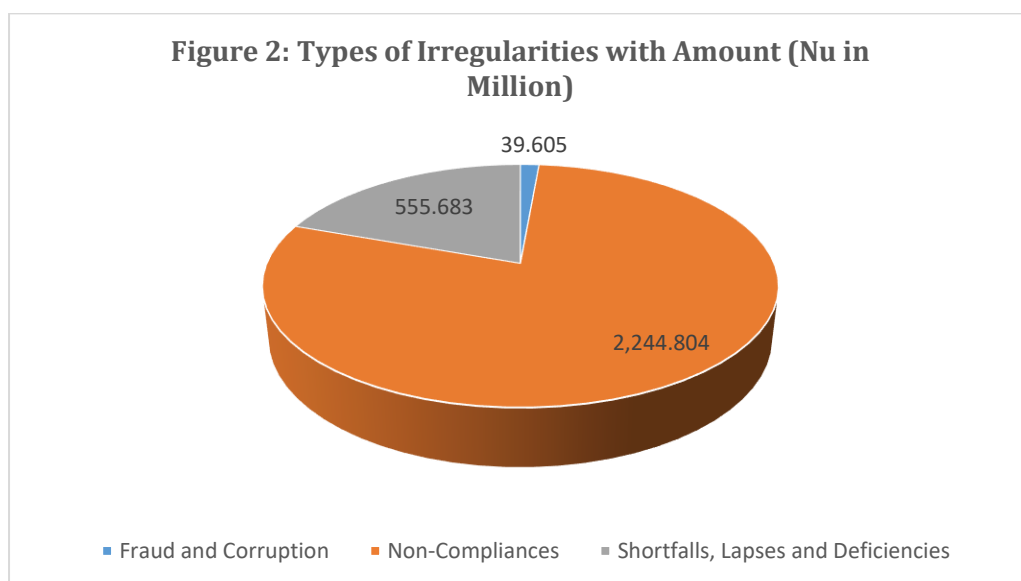




### 3. SUMMARY OF AUDIT FINDINGS

During the FY 2022-23, the RAA issued 456 audit reports of which 17 were issued with qualified opinion<sup>3</sup> and 439 were issued with unqualified opinion. Of the total audit reports issued, the Annual Audit Report 2022-23 was compiled from 379 audit reports which contained audit findings. The summary and analysis are inclusive of all audit findings issued during the period.

The financial implication of the audit findings observed during the period amounted to Nu. 2,840.092 million of which Nu. 39.604 million was categorized under 'Fraud and Corruption', Nu. 2,244.804 million under 'Non-compliances to Laws and Rules & Regulations', and Nu. 555.683 million under 'Shortfalls, Lapses and Deficiencies', representing 1.39%, 79.04% and 19.56% respectively as depicted in **Figure 2**.



The cases which require actions from the auditees are spelled out in the individual audit reports identifying accountable officials for treatment of issues, sanctions and initiating corrective actions. During the period, the RAA forwarded nine audit reports containing 52 auditing findings to the Anti-Corruption Commission (ACC) for further investigation. The RAA pursues the implementation of audit recommendations through a regular follow up process and actions are sought from agencies in accordance with the Audit Act of Bhutan 2018.

**The summary of significant audit findings is an analysis of the causes of the irregularities to help agencies and authorities in initiating corrective and preventive actions besides restitution of the loss sustained by the government.**

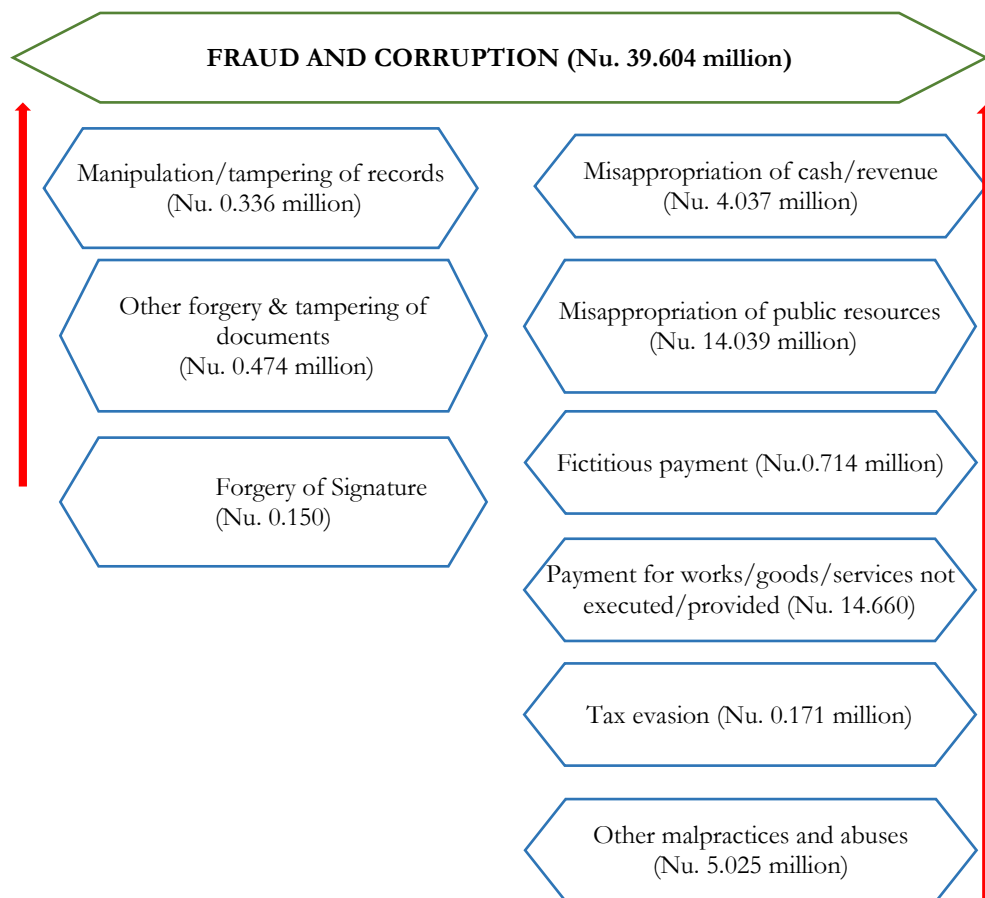
<sup>3</sup> Qualified opinion: Report issued by the auditor when after getting sufficient audit evidence, is of the view that misstatements are material but not pervasive.

The summary of significant audit findings is an analysis of the causes of the irregularities to help agencies and authorities in initiating corrective and preventive actions besides restitution of the loss sustained by the government. The significant audit findings are reported under three broad categories: **Fraud and Corruption, Non-compliance to Laws and Rules & Regulation** and **Shortfall, Lapses and Deficiencies**.

### 3.1. FRAUD AND CORRUPTION

From the total irregularities of Nu. 2,840.092 million during FY 2022-23, fraud and corruption accounted for 1.39% aggregating to Nu. 39.604 million. These cases were perpetrated with willful intent of deriving undue benefits, monetary or otherwise which had prima facie evidence of fraud or deceptions. The cases requiring further investigations were forwarded to the ACC. The overview of fraud and corruption cases reported for the period is shown in **Figure 3**.

*Figure 3: Overview of Fraud and Corruption*



### 3.1.1. Cases of Fraud and Corruption

The cases of fraud and corruption reported for the period are:

1. The Ministry of Information and Communication (MoIC) had a case of irregular award of operation and maintenance works of EV charging machines and supply of spare parts amounting to Nu. 13.970 million. The Procurement Officer, Sonam Dorji, had falsely portrayed the open procurement process through falsified tender IDs and use of cancelled tender IDs of other agencies for award of the work to M/s S.P.D Enterprise, Thimphu. The case has been forwarded to the ACC for investigation. *(AIN: SCID-2022-477; Obs. No. 1.1)*
2. The MoIC had made a fictitious payment of Nu. 0.785 million for the maintenance of EV charging machines. The RAA found that these payments were approved based on applications from M/s S.P.D Enterprise, Thimphu, without proper verification of maintenance works carried out. Further, crucial records like a History Book/Log Book or Register were missing. The case has been forwarded to the ACC for investigation. *(AIN: SCID-2022-477; Obs. No. 1.2)*
3. The MoIC had made payment amounting to Nu. 0.600 million for a fictitious claim submitted by M/s. S.P.D Enterprise, Thimphu, for the replacement of spare parts of EV charging machine at Chuzom carried out by M/s Thunder Motors, Thimphu. Such unethical practices/manipulation of the documents had occurred due to collusion among the Procurement Officer, Dy. Chief Finance Officer and the enterprise. The case has been forwarded to the ACC for investigation. *(AIN: SCID-2022-477; Obs. No. 1.3)*
4. The MoIC had a case of double payment of Nu. 1.682 million to M/s. S.P.D Enterprise for the maintenance of EV Charging Station. Although the bills were submitted to the Cabinet Secretariat for payment, the Ministry had also approved and made the payment resulting in double payment. The lapses had occurred apparently due to collusion among the dealing officials and the supplier. The case has been forwarded to the ACC for investigation. *(AIN: SCID-2022-477; Obs. No. 1.4)*
5. The MoIC had made double payment of Nu. 0.825 million to M/s. S.P.D Enterprise for operational charges of EV charging machines. The double payment occurred due to payment made for claims already settled in previous FY and enhanced payments made for the claims. Although Nu. 0.825 million was recovered and deposited in ARA, legal action against the individuals is yet to be taken. The case has been forwarded to the ACC for investigation. *(AIN: SCID-2022-477; Obs. No. 1.5)*
6. The MoIC made a payment of Nu. 0.200 million to M/s. S.P.D Enterprise towards the installation charges of EV charging machine at Memorial Chorten.

The RAA found that the work was actually carried out by Thunder Motors Private Limited for which the claims were settled separately. Although the amount of Nu. 0.200 million was recovered and deposited into ARA, the legal action against the individuals/parties is yet to be taken. The case has been forwarded to the ACC for investigation. *(AIN: SCID-2022-477; Obs. No. 1.6)*

7. The MoIC had made a double payment of Nu. 0.510 million to M/s. S.P.D Enterprise, Thimphu for a 5 KVA UPS and Battery in the FY 2020-21. The RAA found that the payment for the supplies were already made in FY 2019-2020 through the RSTA LC account. The case has been forwarded to the ACC for investigation. *(AIN: SCID-2022-477; Obs. No. 1.7)*
8. The MoIC had made a double payment of Nu. 0.608 million to M/s S.P.D Enterprise on account of the supply of office equipment vis-à-vis missing equipment. The double payment had occurred as the payment was made by both DoS, MoIC and DoIM, MoIC though the office equipment was supplied to DoIM, MoIC only. The supplied MacBook Pros differed from the specified i7 model. Further, Sonam Dorji, Procurement Officer, did not return a Nu. 0.024 million worth of printers upon resignation. The recovered double payment was deposited in ARA. However, the ministry was advised to recover the MacBook Pros' cost difference from M/s. SPD Enterprise, collect Nu. 0.024 million from Sonam Dorji, and take legal action against the parties involved as per the laws of the land. *(AIN: SCID2022-477; Obs. No. 1.8)*
9. The MoIC had made an irregular award to M/s. S.P.D Enterprise for the installation of CCTV across 15 EV charging stations. The RAA noted numerous inconsistencies in the award of the contract and payment providing grounds for suspecting collusions and foul play. It was also noted that the payment was released even before the award of the contract. Further, the Ministry had also made payment of Nu. 0.998 million without actually executing/providing the items. The RAA had questioned the whole process of tendering and recommended the Ministry to recover the value of items not supplied and confirm the legitimacy of the contract besides taking appropriate actions on individuals. The case has been forwarded to the ACC for investigation. *(AIN: SCID-2022-477; Obs. No. 1.9)*
10. The MoIC had made an excess payment of Nu. 4.782 million to M/s. Jigme Dorji Construction Pvt. Ltd, Thimphu in the procurement of transformer and substation equipment. The RAA noted errors in quantifying the items in the works executed. The case has been forwarded to the ACC for investigation. *(AIN: SCID-2022-477; Obs. No. 2.1)*
11. The MoIC had a case of forgery and tampering of documents in the contract of Construction of Electrical Car Charging Stations and related works. The RAA noted discrepancies in the records maintained in hard copy and e-GP and inconsistencies in evaluation leading to rejection of the lowest bidder. The case

has been forwarded to the ACC for investigation. *(AIN: SCID-2022-477; Obs. No. 2.3)*

12. The MoIC had made excess payment of Nu. 0.788 million to M/s Jigme Dorji Construction Pvt. Ltd, Thimphu. The excess payment had occurred due to erroneous billing for 11 kV route markers in Punakha and additional civil works on GI chain link mesh fences and gates in Chukha Dzongkhag. The case has been forwarded to the ACC for investigation. *(AIN: SCID-2022-477; Obs. No. 2.4)*
13. The MoIC had made a payment of Nu. 2.800 million to M/s Link Unify on account of renewal of FortiGate Firewall licenses for four RSTA regional offices during FY 2019-2021. There were no documents to support the expenditure incurred for renewal. Further, the RAA noted that the RSTA regional offices were connected to Thromde WAN since 2018 and there was no requirement for renewal of the FortiGate Firewall license. The case has been forwarded to the ACC for investigation. *(AIN: SCID-2022-477; Obs. No. 3)*
14. The MoIC had made payment of Nu. 2.326 million to M/s G Y Venture, Thimphu for the supply of Video Conferencing equipment. The RAA noted that the Ministry had used the cancelled Tender ID of different agency to process procurement through e-GP which indicated manipulation. Further, MCore Mini PC (OPS) worth Nu. 0.150 million was found non-functional during joint verification. The case has been forwarded to the ACC for investigation. *(AIN: SCID-2022-477; Obs. No. 5)*
15. The Thromde Administration, Thimphu had a case of misuse of cash revenue totaling to Nu. 7.991<sup>4</sup> million. The RAA noted that the cash revenue collected through both system and manual collections did not match with the deposit slips from FY 2018-19 to April 2022. The Thromde Administration was recommended to recover the shortages besides taking actions on the officials involved. The case has been forwarded to the ACC for investigation. *(AIN: PAD-2022-299; Obs. No. 6i)*
16. The Thromde Administration, Phuentsholing had made payment of Nu. 0.156 million to M/s Yanki Enterprise for hiring of vehicles for transportation of waste from old to new landfill. The RAA confirmed that the bills claimed were for earth-moving machineries which cannot be used for transportation of waste. Hence, the payment made was not admissible. The RAA advised for the recovery of the amount and initiate administrative action against the official responsible. *(AIN: OAAGPL-2023-248; Obs. No. 13.2)*

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<sup>4</sup> The amount involved in Performance Audit is not included in the data for total irregularities or the data for fraud and corruption.



17. The Gewog Administration, Gomdar, Samdrupjongkhar had a case of non-remittance of rural household insurance premiums amounting to Nu. 0.032 million. The issue surfaced during the processing of insurance claims after the disaster occurred due to a windstorm on 31<sup>st</sup> March 2019. The RAA found that the former Gaydrung had failed to remit the premiums. The RAA advised the Gewog to recover the amount besides initiating legal action against the Gaydrung for depriving the house owners of insurance benefits. *(AIN: OAAGSJ-2022-511; Obs. No. 44)*
18. The Gewog Administration, Jamkhar, Trashiyangtse had a case of misuse of funds amounting to Nu. 1.000 million. The amount was supposedly provided as an advance to the former Gup for road improvement works for which supporting documents and related records were not produced for verification. The advance remained unadjusted even after the retirement of the former Gup indicating potential misuse. The RAA insisted for submission of relevant documents for further review failing which legal actions to be initiated against the individual involved. *(AIN: OAAGSJ-2022-515; Obs. No. 16)*
19. The Gewog Administration, Jamkhar, Trashiyangtse had a case of misuse of funds amounting to Nu. 0.123 million. The amount was booked as mobilization advance to M/s Tongzhang Hiring but was found deposited into the personal account of the dealing accountant. On confirmation, the firm refuted of receiving any advance from the Gewog. Further, there was no documentation to substantiate the advance released to the party. The RAA recommended for legal actions as per laws of the land. *(AIN: OAAGSJ-2022-515; Obs. No. 17)*
20. The Gewog Administration, Yangtse, Trashiyangtse had a case of misuse of Nu. 6.900 million by the GAO. The amount was taken as advance for the construction of bailey bridge at Tingringzampa. The RAA found that the advances were frequently released into the personal account of the GAO without initiating the said activity. The outstanding amount was recovered and deposited into the ARA. The RAA has advised the Gewog Administration to recover the applicable interest and take appropriate disciplinary actions against the dealing and supervising officials. *(AIN: OAAGSJ-2022-515; Obs. No. 23)*
21. The JNEC, Dewathang had made payment of Nu. 1.251 million to M/s Chopel Technology for the supply of CNC machine and other lab equipment. The supplier failed to supply the materials despite several reminders. The JNEC could not forfeit the performance security as the bank guarantee was forged. The RAA recommended for recovery of the amount along with applicable liquidated damages and initiate administrative action against dealing officials for failure to exercise due diligence. *(AIN: OAAGSJ-2023-86; Obs. No. 6)*
22. The Regional Immigration Office (RIO), Gelephu had a case of misappropriation of government funds amounting to Nu. 1.190 million. The

RAA found that Sonam Wangchuk, Accountant had resorted to direct transfer of funds from LC-Account through ePEMS into his personal saving account. The disbursement vouchers were prepared, verified, approved and payment instruction authorised in ePEMS single handedly by the accountant. The RIO was recommended to pursue recovery of the misappropriated amount along with the applicable penal interest and initiate legal action on the individual as per the laws of the land. The case has been forwarded to the ACC for investigation. **(AIN: OAAGTS-2022-593; Obs. No. 1.1, 1.2 & 1.3)**

23. The RIO, Gelephu, had a case of payment made for fictitious claims amounting to Nu. 0.072 million. The RAA noted that Sonam Wangchuk, Accountant had made the payments without any supporting documents to authenticate the legitimacy of the payments. The RIO, Gelephu was recommended to recover the amount from the accountant besides taking appropriate legal and administrative actions against the dealing officials. The case has been forwarded to the ACC for investigation. **(AIN: OAAGTS-2022-593; Obs. No. 2)**
24. The RIO, Gelephu, had a case of misappropriation of funds amounting to Nu. 0.028 million relating to maintenance works. The RAA found that Sonam Wangchuk, Accountant had inflated the bill amount submitted by a firm and transferred it to an official from whom he asked for refund into his personal account. After receiving the amount into his personal account the accountant did not pay the firm or refund the amount to the government account. Although the amount has been recovered, the RIO was further recommended to take appropriate legal action against the responsible officials as per laws of the land for such fraudulent practices. The case has been forwarded to the ACC for investigation. **(AIN: OAAGTS-2022-593; Obs. No. 3)**
25. The RIO, Gelephu, had a case of payment made for fictitious claims of TADA amounting to Nu. 0.142 million by Sonam Wangchuk, Accountant. The lapses were on account of TADA claims without performing the tours, refunds asked in guise of excess and double payments from other officials and depositing into his personal account of the accountant. The RIO was recommended to recover the misappropriated amount besides initiating legal actions against the accountant. The case has been forwarded to the ACC for investigation. **(AIN: OAAGTS-2022-593; Obs. No. 4, 5 & 6)**
26. The RIO, Gelephu, had a case of misappropriation of funds amounting to Nu. 0.468 million, through unauthorized access to ePEMS. Sonam Wangchuk, Accountant had used the user credentials of the approving officer to transfer the amount to his personal account and the expenditures were booked under pay and allowances and office supplies. The RAA also found that the accountant had forged the signature of the Regional Director on the supply orders. The RIO was recommended to recover the misappropriated amount besides initiating legal actions against the accountant. The case has been forwarded to the ACC for investigation. **(AIN: OAAGTS-2022-593; Obs. No. 7 & 8)**

27. The RIO, Gelephu had cases of unauthorised retention and delayed deposits of revenues resulting in penalty amounting to Nu. 1.870 million. The RAA found that Sonam Wangchuk, Accountant had retained the revenues for periods ranging from 7 days to 1,642 days through teeming and lading. The RIO was recommended to recover the amount and initiate legal actions as per the laws of the land. The case has been forwarded to the ACC for investigation. (AIN: OAAGTS-2022-593; Obs. No. 9)
28. The Dungkhag Administration, Lhamoizingkha, Dagana had a case of misuse of revenues amounting to Nu. 0.303 million. The RAA found that Pema Rinchen, Land Record Assistant had not deposited the 3% property transfer tax and also resorted to manipulation of sales deeds to undervalue the property. The Dungkhag and Dzongkhag administrations were recommended to recover the misappropriated amount along with 24% penal interest besides initiating legal actions against the individual. The case has been forwarded to the ACC for investigation. (AIN: OAAGTS-2022-396; Obs. No. 11)
29. The Gewog Administration, Dorona, Dagana had cases of booking expenditures of Nu. 0.396 million without relevant supporting documents and temporary misuse of funds resulting in accumulated interest of Nu. 0.154 million. The RAA found that Tej Bahadur Sunwar, Account Assistant had deposited Nu. 1.355 million into his personal account. The Gewog Administration was recommended to recover the amount besides initiating appropriate legal action against the dealing accountant. The case has been forwarded to the ACC for investigation. (AIN: OAAGTS-2022-593; Obs. No. 14)
30. The Gewog Administration, Dorona, Dagana had not produced laptops and desktops valuing Nu. 0.111 million during physical verification. Further there were no entries in the stock register to ensure its accountal. The case has been forwarded to the ACC for investigation. (AIN: OAAGTS-2022-593; Obs. No. 15)
31. The Gewog Administration, Drujeygang, Dagana had booked expenditures amounting to Nu. 0.346 million without supporting documents. The RAA could not validate the expenditure in absence of the supporting documents. The Gewog Administration was recommended to recover the amount. The case has been forwarded to the ACC for investigation. (AIN: OAAGTS-2022-593; Obs. No. 22)
32. The Gewog Administration, Geserling, Dagana had made payment of Nu. 1.226 million without supporting documents. The RAA could not establish the legitimacy of the payments in the absence of relevant documents. The Gewog Administration was recommended to recover the amount besides initiating legal actions against the individual. The case has been forwarded to the ACC for investigation. (AIN: OAAGTS-2022-593; Obs. No. 28)

33. The Gewog Administration, Gozhi, Dagana had made payment of Nu. 1.611 million without supporting documents. The RAA could not establish the legitimacy of the payments in the absence of relevant documents. The Gewog Administration was recommended to recover the amount besides initiating legal actions against the individual. The case has been forwarded to the ACC for investigation. *(AIN: OAAGTS-2022-593; Obs. No. 34)*
34. The Gewog Administration, Largyab, Dagana had made payment of Nu. 1.284 million without supporting documents. The RAA could not establish the legitimacy of the payments in the absence of relevant documents. The Gewog Administration was recommended to recover the amount besides initiating legal actions against the individual. The case has been forwarded to the ACC for investigation. *(AIN: OAAGTS-2022-593; Obs. No. 38)*
35. The Gewog Administration, Tashiding, Dagana had not produced laptop worth Nu. 0.680 million during physical verification. The RAA also noted that the bill was not verified and no entries in the stock register were made to ensure its accountal. The case has been forwarded to the ACC for investigation. *(AIN: OAAGTS-2022-593; Obs. No. 42.2)*
36. The Gewog Administration, Tashiding, Dagana had made payment of Nu. 1.975 million without supporting documents. The RAA could not establish the legitimacy of the payments in the absence of relevant documents. The Gewog Administration was recommended to recover the amount besides initiating legal actions against the individual. The case has been forwarded to the ACC for investigation. *(AIN: OAAGTS-2022-593; Obs. No. 46)*
37. The Gewog Administration, Tshendagang, Dagana had made payment amounting to Nu. 1.097 million on account of fuel bills of the hiring company from the LC account. It was evident from the payments that the Gewog Administration had not involved the site engineer in making the payments and had not been done against the work progress indicating fraudulent practice. The Gewog Administration has been advised to ascertain the legitimacy of the expenditure failing which the amount should be recovered from the dealing accountant and actions initiated in accordance with the laws of the land. The case has been forwarded to the ACC for investigation. *(AIN: OAAGTS-2022-593; Obs. No. 52)*
38. The Gewog Administration, Tashiding, Dagana had made payment of Nu. 2.233 million without supporting documents. The RAA could not establish the legitimacy of the payments in the absence of relevant documents. The Gewog Administration was recommended to recover the amount besides initiating legal actions against the individual. The case has been forwarded to the ACC for investigation. *(AIN: OAAGTS-2022-593; Obs. No. 55)*

39. The Gewog Administration, Tshangkha, Dagana had made payment of Nu. 0.371 million without supporting documents. The RAA could not establish the legitimacy of the payments in the absence of relevant documents. The Gewog Administration was recommended to recover the amount besides initiating legal actions against the individual. The case has been forwarded to the ACC for investigation. *(AIN: OAAGTS-2022-593; Obs. No. 59)*
40. The Gewog Administration, Tshangkha, Dagana had not produced laptop worth Nu. 0.080 million during physical verification. The RAA also noted that the bill was not verified and no entries in the stock register were made to ensure its accountal. The case has been forwarded to the ACC for investigation. *(AIN: OAAGTS-2022-593; Obs. No. 60)*
41. The RSTA had made double payment of Nu. 1.500 million to M/s Jigme Dorji Construction Pvt. Ltd. for procurement of transformer for EV charging station at Gyelposhing, Mongar. The transformer, initially meant for installation at the EV charging station, Tachog, Paro, was shifted to Gyelposhing. The RAA found that the payment for the transformer was already made by DoS, MoIC. The RAA suspected collusion between the Procurement Officer and the contractor. Further, the RSTA had granted excessive advance of Nu. 0.909 million to the contractor. The case has been forwarded to the ACC for investigation. *(AIN: SCID-2022-601; Obs. No.1.1 & 1.2)*
42. The RSTA had a case of forgery and tampering of documents in the Construction of EV Charging Shed and Substation awarded to M/s Jigme Dorji Construction Pvt. Ltd. The RAA noted that the contractor manipulated the measurement book by enhancing the claim by Nu. 0.400 million and forging the signature of the site engineer. The RAA suspected collusion between the Procurement Officer and the contractor. The case has been forwarded to the ACC for investigation. *(AIN: SCID-2022-601; Obs. No. 1.3)*
43. The National Land Commission Secretariat (NLCS) had made a payment of Nu. 0.680 million based on the fictitious claims for vehicle hiring charges in the Construction of Boundary Pillars along the Indo-Bhutan Border. The RAA noted that the officials had claimed hiring charges of vehicles owned and registered in their names. The RAA recommended to recover the amount and initiate actions against the official responsible. *(AIN: GGD-2022-588; Obs. No. 10)*
44. The Dzongkhag Court, Paro had a case of misappropriation of escrow funds amounting to Nu. 0.960 million. The RAA noted that the funds were retained without depositing into Escrow Account indicating misuse. The amount of Nu. 0.225 million was refunded to the litigant, leaving a balance of Nu. 0.735 million. *(AIN: GGD-2023-82; Obs. No. 1)*



45. The Royal Bhutan Police (RBP) had three cases of misappropriation of funds totaling Nu. 5.547 million by Drimpon Tandin Wangdi, Accountant. This comprised Nu. 2.615 million booked as expenses without supporting documents, Nu. 2.901 million transferred from an LC account to his personal savings account and Nu. 0.031 million refunded to his personal savings account by the officials. The RAA recommended the RBP to recover the amount and initiate legal action for the misappropriation. *(AIN: GGD-2023-116; Obs. No.10, 11 & 12)*
46. The Royal Bhutan Police had a case of misappropriation of funds amounting to Nu. 0.311 million. The RAA noted that Drimpon Tandin Wangdi, Accountant had misappropriated the fund through repeated use of fudged adjustment bills. The RBP was recommended to recover the amount and deposit it into ARA besides initiating legal action against the individual. *(AIN: GGD-2023-116; Obs. No. 8 & 9)*
47. The Bhutan Development Bank Limited (BDBL), Panbang Branch had a case of misappropriation of cash aggregating to Nu. 2.302 million since 2017. The misuse of cash occurred due to inadequate monitoring and control. The case is under litigation. The BDBL was asked to update the outcome of the case to the RAA for information and record. *(AIN: COAD-2022-315; Obs. No. 1.ii)*

### 3.1.2. Agencies with Cases of Fraud and Corruption

Agency-wise fraud and corruption, provided in **Table 1** shows that Directorate of Services, MoIC had the highest amount of irregularities amounting to Nu. 12.718 million followed by Dzongkhag Administration, Dagana with Nu. 9.213 million, representing 32.11% and 23.26% respectively.

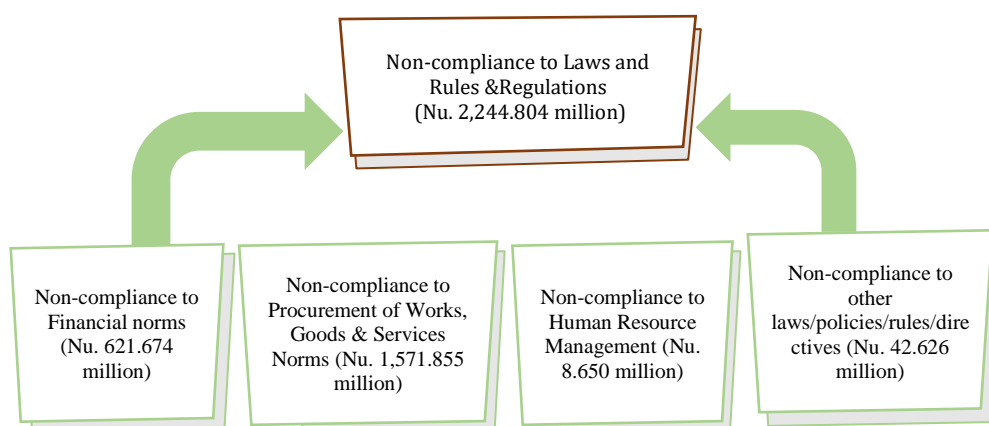
**Table 1. Agencies with cases of Fraud and Corruption with corresponding amount:**

Agency	Amount (Nu. in Million)
Directorate of Services, MoIC	12.718
Dzongkhag Administration, Dagana	9.213
Royal Bhutan Police	5.858
Regional Immigration Office, Gelephu	3.670
Dungsam Cement Corporation Ltd.	1.606
Road Safety and Transport Authority, MoIC	1.500
Dzongkhag Administration, Trashiyangtse	1.401
Jigme Namgyel Engineering College, Deothang	1.376
Dzongkhag Court, Paro including CD account	0.735
National Land Commission Secretariat	0.680
Dzongkhag Administration, Gasa	0.452
Regional Office, Department of Roads, Trashigang	0.171
Thromde Administration, Phuentsholing	0.156
Dzongkhag Administration, Samtse	0.036
Dzongkhag Administration, Samdrupjongkhar	0.032
<b>Grand Total</b>	<b>39.604</b>

### 3.2. NON-COMPLIANCE TO LAWS, RULES AND REGULATIONS

The cases of non-compliance with laws, rules and regulations accounted for 79.04% of the total irregularities aggregating to Nu 2,244.804 million. This category includes those irregularities arising from deviation from authorities like acts, rules and regulations, policies, SOPs and agreements that govern the operation of agencies. The issues of non-compliance were reported based on the qualitative and quantitative aspects of issues that have potential to undermine the rule of law, which is one of the tenets of good governance. The overview of non-compliances reported for the period is shown in **Figure 4**.

*Figure 4: Overview of non-compliance to laws, rules & regulations*



Of the Nu. 2,244.804 million reported under Non-compliance to Laws and Rules and Regulations, the cases are segregated into four sub-categories: **non-compliance to financial norms** with Nu. 621.674 million; **non-compliance to procurement of works, goods & services norms** with Nu. 1,571.855 million; **non-compliance to human resource management** with Nu. 8.650 million; and **non-compliance to other laws/policies/rules/directives** with Nu. 42.626 million. The details are appended as *Annexure I*.

#### 3.2.1. Significant Cases of Non-Compliance to Laws, Rules and Regulations

The significant cases of non-compliance detected during the period are summarised under four sub-categories.

##### A. Non-compliance to financial norms

The significant cases of non-compliance to financial norms are summarized below:

1. The Punatshangchu Hydroelectric Project (PHEP-II) had made an unjustified payment of Nu. 382.25 million as 22.5% overhead cost to M/s JAL for additional work "Treatment of collapsed Rock Mass" executed by M/s. Bauer. The RAA found that the additional work was awarded to M/s. Bauer after M/s. JAL's inability to execute the work and M/s. Bauer's BoQ does not include the 22.5% overhead cost to be paid to M/s. JAL. The additional work stemmed from geological surprises and was not under M/s. JAL's sub-contracting to M/s. Bauer. *(AIN: RTICD-2023-49; Obs. No. 8.1)*
2. The RSTA had outstanding PW advances of Nu. 22.784 million against the Bhutan Power Corporation Ltd., M/s Kensom Construction and M/s Tshering S Construction. The RAA recommended for recovery/adjustment of these advances. *(AIN: SCID-2022-601; Obs. No. 2)*
3. The Dzongkhag Administration, Paro had made inadmissible payment of Nu. 1.644 million on account of quarantine charges for private foreign workers. This was in violation to the Standard Operating Procedures, which requires non-Bhutanese individuals to bear their quarantine costs except for officials on state assignments. *(AIN: GGD-2022-460; Obs. No. 13.1)*
4. The Dzongkhag Administration, Gasa had made an inadmissible payment of Nu. 0.330 million to Wangdue Hiring Equipment for hiring of machineries in the restoration works at Gasa Tshachu. The RAA noted that the hiring agency had claimed payments for machineries that were not used and deployed. *(AIN: GGD-2022-461; Obs. No. 1.1)*
5. The Gewog Administrations of Khatoe, Khamaed, and Laya under Gasa Dzongkhag had made payments amounting to Nu. 0.137 million beyond the approved entertainment budget. The extra funds need to be recovered and deposited into ARA. *(AIN: GGD-2022-461; Obs. No. 7)*
6. The Department of Air Transport (DoAT), Paro had booked expenditure of Nu. 126.501 million and retained under closed work account during the FY 2020-21. The RAA noted that the amount was retained for various works besides unadjusted advances of prior years. *(AIN: SCID-2023-43; Obs. No. 7)*
7. The Secretariat, Dratshang Lhentshog had booked expenditure of Nu. 9.200 million without executing the work in the Construction of Public Toilet at Kuenselphodang. The amount was transferred into the joint account of the working committee to avoid fund lapse at the end of the FY. *(AIN: GGD-2022-168; Obs. No. 5.1)*
8. The Ministry of Home & Cultural Affairs had made inadmissible payment of Nu. 1.148 million on account of *Soelra* and other contributions from the budget heads- Travel In-country and In-country meetings & celebrations. The RAA noted that the expenses were discretionary in nature which should not have

been booked under the above account heads. (AIN: GGD-2022-282; Obs. No. 1).

9. The Royal Bhutan Police (RBP) had a case of unadjusted advance amounting to Nu. 1.485 million against M/s Layja Tobgay Construction, Zhemgang. The advance provided for renovation of Office and Quarters at Tingtibi Police Station could not be adjusted as the contract was terminated before completion, and the contractor was yet to submit the bills. (AIN: GGD-2022-66; Obs. No. 1.2)
10. The Secretariat, Ministry of Agriculture and Forests had made inadmissible payment of Nu. 0.313 million on account of *Soelra, Semso* and others from the Hospitality and Entertainment budget. The RAA noted that the expenses were discretionary in nature which should not have been booked under the above account head. (AIN: RTICD-2022-475; Obs. No. 1)
11. The Secretariat, Ministry of Labour & Human Resources had made a payment of Nu. 0.517 million on account of *Soelra, Semso* and others from the Hospitality and Entertainment budget. The RAA noted that the expenses were discretionary in nature which should not have been booked under the above account head. (AIN: RTICD-2022-598; Obs. No. 1)
12. The Divisional Forest Office, Paro had not collected royalty amounting to Nu. 6.892 million from Natural Resource Development Cooperation Limited (NRDCL). The royalty pertained to extraction of timber for commercial purpose by the Corporation. The notification requires collection of royalty to be made within one week from the delivery of logs to the depots. (AIN: COAD-2023-71; Obs. No. 1)
13. The National Seed Centre, Paro had not collected sale proceeds amounting to Nu. 0.168 million as on 30<sup>th</sup> June 2022 from Gewog Administration, Bidoong, Trashigang. The receivables pertained to sale of fertilizers, seeds and seedlings to the Gewog. (AIN: RTICD-2023-174; Obs. No. 1)
14. The Regional Office of Economic Affairs, Thimphu had not collected rent amounting to Nu. 0.224 million from the Startup Promoters for occupying the space at the Startup Centre, Changzamtog. The non-realization of the rent deviated from contract agreement which states that the lessee shall deposit the rent for the space by the 5<sup>th</sup> day or before of the following month. (AIN: RTICD-2023-307; Obs. No. 1)
15. The Centenary Farmers' Market (CFM) had a case of payment of exorbitant rate amounting to Nu. 2.200 million in the procurement of a Hakomatic ride-on scrubber cleaning machine B910 from M/s Ugen Trading, Thimphu. The RAA noted significant price disparity in comparison to the price paid for similar machine with minor differences in features which was supplied to Jigme Dorji



Wangchuck National Referral Hospital (JDWNRH), Thimphu by the same firm. Despite minor difference in features, the cost difference of Nu. 1.530 million (over 228%) was deemed unreasonable. The case was referred to ACC for investigation. *(AIN: RTICD-2023- 261; Obs. No. 2.2)*

16. The Centenary Farmers' Market (CFM) had not collected rent amounting to Nu. 2.634 million from various vegetable vendors and showroom proprietors for using the spaces for store and showroom since 2018. The CFM was recommended to expedite the collection of outstanding rent along with applicable penal interest. *(AIN: RTICD-2023-307; Obs. No. 3.2)*
17. The Gewog Administration, Norgaygang Samtse had booked expenditures of Nu. 1.231 million under different budget heads other than the one allocated for. The RAA noted that there were such instances of wrong bookings in the previous year and have been repeated indicating a total lack of adherence to the controls and recommendations made by the RAA. *(AIN: OAAGPL-2022-391; Obs. No. 31)*
18. The Gewog Administration, Pemaling, Samtse had booked expenditures amounting to Nu. 5.567 million against different budget heads other than the one allocated for. The RAA noted that there were such instances of wrong bookings in the previous year and have been repeated indicating a total lack of adherence to the controls and recommendations made by the RAA. *(AIN: OAAGPL-2022-391; Obs. No. 36)*
19. The Gewog Administration, Tashicholing, Samtse had a case of unadjusted PW advances amounting to Nu. 2.152 million against various parties. The RAA noted that some of the advances pertained to 2020-21. The Gewog Administration was recommended to expedite the settlement of the overdue advances. *(AIN: OAAGPL-2022-391; Obs. No. 40)*
20. The PCAL depot, Phuentsholing had a case of unadjusted advance amounting to Nu. 1.000 million for the supply of High Grade Limestones by M/s JDL Mines which was in contravention to the General Terms and Conditions of the bidding document. The RAA noted that despite unadjusted advances against the supplier, additional advances were released to the party. *(AIN: OAAGPL-2023-151; Obs. No. 3)*
21. The Regional Office, NRDCL, Phuentsholing had outstanding sundry debtors of Nu. 9.009 million. The RAA noted that the amount was due since 2019-20 and the Regional Office has not established effective debt recovery system and credit control policies to ensure timely collection of the debts. *(AIN: OAAGPL-2023-269; Obs. No. 4)*
22. The Gewog Administration, Norgaygang, Samtse had wrongly booked Nu. 1.015 million as PW advances while making the payment on the final RA bill.

The construction works although complete and payments made show PW advances against the contractors. The RAA noted that such accounting transaction was inappropriate and complete disregard of financial controls. **(AIN: OAAGPL-2022-391; Obs. No. 30.2)**

23. The Drungkhag Administration, Phuentsholing, Chhukha had a case of work execution over and above the approved budget by Nu. 3.077 million. The RAA noted that the Drungkhag Administration had failed to obtain prior approval and written instructions/orders for the execution of the additional works. **(AIN: OAAGPL-2022-450; Obs. No. 13.1)**
24. The Dzongkhag Administration, Samtse had a case of short-deposit of non-revenue releases amounting to Nu. 3.419 million. The RAA noted that the differences in the deposit of non-revenue releases had occurred mainly due to multiple accounts personnel operating the LC accounts and lack of periodic reconciliation. **(AIN: OAAGPL-2022-391; Obs. No. 1.1)**
25. The Gaedu College of Business Studies had made an inadmissible payment of Nu. 1.000 million for the procurement of laptops on cost-sharing basis for its staff. The RAA noted that despite receiving the payments, some officials had neither procured laptops nor surrendered the old laptops. **(AIN: OAAGPL-2022-390; Obs. No. 4)**
26. The Regional Livestock Development Centre, Tsimasham, Chhukha had made inadmissible payment of Nu. 0.151 million towards TADA claims. The RAA noted that there was mismatch of travel dates in the CPMS and information provided in the travel allowance claims. **(AIN: OAAGPL-2022-445; Obs. No. 1 b)**
27. The Dzongkhag Administration, Zhemgang had outstanding personal and PW advances amounting to Nu. 1.166 million against various officials. The RAA noted that the Dzongkhag had granted additional personal advances without liquidating the prior advances resulting in excessive amounts lying unadjusted at the close of the financial year. **(AIN: OAAGB-2022-408; Obs. No. 2)**
28. The Dzongkhag Administration, Zhemgang had a case of unadjusted advance amounting to Nu. 4.738 million from M/s Dungkhar Construction Pvt. Ltd. for the Construction of Bardo Gewog Connectivity Road. The contract was terminated after the work site was abandoned by the contractor and the advances were found not recovered/adjusted. **(AIN: OAAGB-2022-408; Obs. No. 18.2)**
29. The Regional Office, Department of Surface Transport, Trashigang had retained Nu. 4.161 million under closed works. The fund was for the construction of a bridge. The RAA noted that some activities booked under closed work were not completed even towards third quarter of succeeding

financial year. The Regional Office was recommended to expedite the completion of the work and surrender the balance fund. *(AIN: OAAGSJ-2023-171; Obs. No. 1)*

30. The Dzongkhag Administration, Trashigang had a case of routing the payment of stipend amounting to Nu. 14.591 million through the personal bank accounts of dealing officials. The RAA noted that some schools did not have accounts for which the personal bank accounts were used in deviation to the FAM, 2016. The Dzongkhag Administration was recommended to institute appropriate systems and controls to mitigate possible risk of misuse. *(AIN: OAAGSJ-2022-523; Obs. No. 5)*
31. The Thromde Administration, Samdrupjongkhar had deviated from the Procurement Rules and Regulations in awarding additional work for various activities. The deviations from the initial work worth Nu. 2.790 million was not supported by documented records and basis. The Thromde Administration was recommended to justify the lapses and furnish appropriate documents to the RAA. *(AIN: OAAGSJ-2023-79; Obs. No. 1)*
32. The Dzongkhag Administration, Samdrupjongkhar had retained funds of Nu. 6.171 million in the Closed Work Account for various activities. The RAA noted that the funds were booked under Closed Work Account irrespective of the progress of activities. The Dzongkhag Administration was recommended to furnish justifications, expedite the activities and surrender the balance funds. *(AIN: OAAGSJ-2022-511; Obs. No. 1)*
33. The Dzongkhag Administration, Dagana had booked expenditure amounting to Nu. 26.325 million without completion of the works. The RAA noted that expenditures were booked in respect of 16 ongoing construction activities. The Dzongkhag Administration was advised to expedite the completion of the works and intimate the RAA on the payments and surrender of balance funds. *(AIN: OAAGTS-2022-396; Obs. No. 4.1)*
34. The Dzongkhag Administration, Dagana had not surrendered Closed Work Account balance amounting to Nu. 1.138 million to the DTA. The RAA noted that balances pertaining to 13 construction activities were retained in the Closed Works Account even after completion of the works and settlement of claims. The Dzongkhag Administration was recommended to deposit the unspent balance to ARA. *(AIN: OAAGTS-2022-396; Obs. No. 4.2)*
35. The Dungkhag Administration, Lhamoizingkha, Dagana had booked expenditure amounting to Nu. 9.920 million without completion of the work for various activities. The RAA noted that expenditures were booked for five construction activities before completion of the works. The Dzongkhag Administration was advised to expedite the completion of the works and

- surrender of balance funds to the DTA. *(AIN: OAAGTS-2022-396; Obs. No. 10.1)*
36. The Gewog Administration, Dorona, Dagana had executed works amounting to Nu. 1.400 million without budget provision. The works pertained to the Construction of Farm Road from Nimtol to Pokharidara under the Gewog. The RAA also noted that the work was executed without estimates and BoQ. The Gewog Administration was recommended to quantify the actual works executed to support the expenditure. *(AIN: OAAGTS-2022-396; Obs. No. 17)*
37. The Gewog Administration, Dorona, Dagana had Closed Work Account balance of Nu. 1.776 million without surrendering to the DTA. The RAA recommended the Gewog to expedite the work and surrender the balance fund to DTA. *(AIN: OAAGTS-2022-396; Obs. No. 19)*
38. The Gewog Administration, Drujeygang, Dagana had a case of wrong booking of expenditures amounting to Nu. 3.374 million. The RAA noted that the budget pertaining to Pelrigonpa Construction was utilized for various other purposes including hiring for farm road maintenance, hiring for potholes repairs, irrigation etc. *(AIN: OAAGTS-2022-396; Obs. No. 21.6)*
39. The Gewog Administration, Drujeygang, Dagana had booked Nu. 1.776 million in the Closed Work Account for various activities which could not be completed during the previous financial year. It was further noted that activities were still yet to be completed in the subsequent financial year. The Gewog Administration was recommended to expedite the completion of the works and settlement of the claims. *(AIN: OAAGTS-2022-396; Obs. No. 23)*
40. The ORIO Project, Dagapela implemented by the Department of Surface Transport, Sarpang had not adjusted advances amounting to Nu. 100.960 million. The advances were paid to contractors for packages B1, B2, C1 and C2 based on the decision of the MLTC. The RAA noted that the contracts were terminated and the legal proceedings were initiated for the recovery of the advances through Arbitral Tribunal. *(AIN: OAAGTS-2023-61; Obs. No. 9)*
41. The Centenary Farmers' Market (CFM) had a case of revenue loss aggregating to Nu. 2.182 million on account of parking fees collections for the period July 2019 to August 2021. The revenue loss was computed based on the comparison made on the offer made by a private firm. The RAA noted significant differences between the monthly rate offered by the private firm and the monthly collections accounted for by the CFM. *(AIN: RTICD-2023-307; Obs. No. 4)*
42. The Bhutan Postal Corporation Limited, Thimphu had outstanding revenues of Nu. 16.325 million on account of rental of post boxes. The RAA noted that out of 1868 post box users, only 802 were found to be active. Some cases have been

pending for more than 9 years. BPCL was recommended to escalate the issue to its Board for further directives to remedy the issue of outstanding rental charges besides instituting corrective measures to ensure that all dues are collected on a timely basis. *(AIN: COAD-2023-230; Obs. No. 3.1)*

43. The Royal Body Guard (RBG) had a case of outstanding Bhutan Sales Tax (BST) on POL amounting to Nu. 1.753 million which was not refunded by DRC. The RAA noted that the lapses had occurred due to a lack of coordination between the POL unit and the account section to initiate follow-up with the DRC for the refund of BST. *(AIN: GGD-2022-580; Obs. No. 3).*
44. The Centre for Bhutan & GNH Studies had made an inadmissible payment of Nu. 1.517 million on account of TADA. The RAA noted inconsistencies between details of travel claims and CPMS data which occurred due to the acceptance of incorrect claims by the approving authority. The Centre for Bhutan & GNH Studies was recommended to recover the inadmissible amount and deposit it into ARA. *(AIN: GGD-2023-55; Obs. No. 1)*
45. The Ministry of Finance (MoF) had made an inadmissible payment of Nu. 0.119 million on account of TADA payment during the implementation of Bhutan's Public Financial Management (PFM-MDF) funded by the World Bank. The RAA noted inconsistencies between details of travel claims and CPMS data which occurred due to the acceptance of incorrect claims by the approving authority. The MoF was recommended to recover the inadmissible amount and deposit it into ARA. *(AIN: GGD-2022-484; Obs. No. 1)*
46. The National Land Commission Secretariat (NLCS) had made an inadmissible payment of Nu. 0.674 million on account of TADA. The RAA noted inconsistencies between details of travel claims and CPMS data which occurred due to the acceptance of incorrect claims by the approving authority. The NLCS was recommended to recover the inadmissible amount and deposit it into ARA. *(AIN: GGD-2022-588; Obs. No. 2 & 3)*
47. The NLCS had made an inadmissible payment of Nu. 0.362 million on account of muster roll payment for hiring Survey Field Assistants (SFAs) and interns. The RAA noted that claims were made without actual engagement of SFAs and interns. The NLCS was recommended to recover the inadmissible amount and deposit into ARA besides cautioning the defaulting officials. *(AIN: GGD-2022-588; Obs. No.5)*
48. The NLCS had made an inadmissible payment of Nu. 0.195 million on account of mileage and halt charges of vehicle for the Construction of Boundary Pillars along the Indo-Bhutan border. The RAA confirmed from the Check-Post Management System (CPMS) that the claims of Mileage and Halt charges were made by survey officials without performing tours. The claims were made for returning to Thimphu for personal reasons from the duty station while on tour.

Further, it was noted that claims of halt charges of vehicles were made when officials were in quarantine and extra halt charges were also made by showing the early start of travels and delayed return journey. The NLCS was recommended to recover the inadmissible amount and deposit into ARA besides cautioning the officials involved. *(AIN: GGD-2022-588; Obs. No.11)*

49. The DoS, MoF had made an inadmissible payment of Nu. 0.416 million on account of payment of TADA and DSA for in-country trainings. The RAA noted inconsistencies between details of travel claims and CPMS data which occurred due to the acceptance of incorrect claims by the approving authority. The MoF was recommended to recover the inadmissible amount and deposit into ARA besides cautioning the officials involved. *(AIN: GGD-2023-56; Obs. No.1)*
50. The National Statistical Bureau (NSB) had made an inadmissible payment of Nu. 0.302 million on account of payment of TADA and DSA for various in-country trainings and field visits. The RAA noted inconsistencies between details of travel claims and CPMS data which occurred due to the acceptance of incorrect claims by the approving authority. The NSB was recommended to recover the inadmissible amount and deposit into ARA besides cautioning the officials involved. *(AIN: GGD-2023-153; Obs. No.1)*
51. The Dzongkha Development Commission (DDC) had made an inadmissible payment of Nu. 0.268 million on account of TADA payments. The RAA noted inconsistencies between details of travel claims and CPMS data which occurred due to the acceptance of incorrect claims by the approving authority. The DDC was recommended to recover the amount and deposit into ARA. *(AIN: GGD-2022-588; Obs. No. 1)*
52. The Department of Engineering Services (DES), MoWHS had made an inadmissible payment of Nu. 0.188 million on account of TADA payments during the implementation of Water Flagship Program. The RAA noted inconsistencies between details of travel claims and CPMS data which occurred due to the acceptance of incorrect claims by the approving authority. The DES was recommended to recover the inadmissible amount and deposit into ARA. *(AIN: SCID-2022-469; Obs. No. 1)*
53. The State Trading Corporation of Bhutan Limited (STCBL) had cases of unsettled advance aggregating to Nu. 14.568 million as of December 31, 2021, which is said to have occurred due to creation of duplicate vendors while upgrading the ERP system in 2019. STCBL was asked to look into the replica vendors created in the ERP system, rectify and reconcile the vendor's account. *(AIN: COAD-2022-293; Obs. No. 3)*
54. The Bhutan Development Bank Limited (BDBL) had overdue advances aggregating to Nu. 6.007 million against the officials. Some advances pertained to year 2017. The BDBL was recommended to segregate the



advances and initiate recovery of the amount. *(AIN: RTICD-2022-315; Obs. 6.ii)*

55. The State Trading Corporation of Bhutan Limited (STCBL) had overdue trade receivables of Nu. 225.308 million as of December 31, 2021. The receivables pertained to years prior to 2020. Further, the receipt of Nu. 67.177 million was found reflected in Debtor Suspense under Other Current Liabilities instead of adjusting with trade receivables. STCBL was asked to enhance the follow-up and recovery processes to safeguard from becoming irrecoverable and enforce the terms of agreements. *(AIN: COAD-2022-293; Obs. No. 2)*
56. The Kuensel Corporation Limited (KCL) had overdue trade receivables of Nu. 11.523 million as of December 31, 2021. The receivables pertained to previous years. KCL was asked to enhance the follow-up and recovery processes to safeguard from becoming irrecoverable. Further, the RAA noted that there was no system of balance confirmations from customers. *(AIN: COAD-2022-285; Obs. No. 2)*
57. The Bhutan Development Bank Limited (BDBL) had a case of Term Expired Loan aggregating to Nu. 5.561 million. The BDBL had a case of loan sanctioned without charging interest which pertained to customer, M/s K Ngawang Pvt. Ltd. The RAA noted that total outstanding amount was equivalent to the sanctioned amount. The RAA could not conduct further verification in the absence of proper documents. BDBL was recommended to review the case besides ensuring robust monitoring of loan repayments. *(AIN: COAD-2022-315; Obs. No. 3.i)*
58. The Bhutan Power Corporation Limited had not capitalized the value of Distribution Management System (DMS) worth Nu. 287.591 million in its books of accounts. The amount had remained as Capital Work-in-Progress in BPC's records as on December 31, 2022 despite being put to use since June 2, 2020. *(AIN: COAD-2023-179; Obs. No. 1)*

## **B. Non-compliances to procurement norms**

The significant cases of non-compliance to procurement norms are summarised below:

1. The MoIC had made an irregular award of additional work worth Nu. 4.000 million to M/s Jigme Dorji Construction Pvt. Limited in the contract for Installation of EV Charging Machines. The RAA noted that the award was approved by the Offtg. Director without endorsement from the Finance Committee which was in deviation to the procurement norms. *(AIN: SCID-2022-477; Obs. No. 2.5)*

2. The MoIC had made an irregular award of work valuing Nu. 8.591 million to M/s GY Venture for the Supply and Installation of Video Conference Equipment. Though the tender was claimed to be processed through open tender method, the relevant e-GP records, minutes of the Tender Committee or Evaluation Committee were not made available. Further, wireless microphones worth Nu. 1.000 million were missing during the physical verification. *(AIN: SCID-2022-477; Obs. No. 4)*
3. The PHEP-II had a case of non-renewal of insurance for Electro-Mechanical Package contracts EM #1 & 2 by M/s Bharat Heavy Electrical Limited (BHEL). The contract required to secure insurance coverage for the contract value plus 15% till the defect's liability period, with extensions for delays. BHEL got both packages coverage from United India Insurance Co. Ltd (UIICL). However, UIICL terminated the policy due to project delays, and BHEL's attempts to reinstate were unsuccessful. Consequently, insurance coverage was yet to be obtained for over 29 and 20 months for EM #1 & 2 respectively, raising concerns about risk exposure. *(AIN: RTICD-2023-49; Obs. No. 2)*
4. The PHEP-II had a short receipt of materials amounting to Nu. 487.32 million from BHEL after a flood in August 2019. Despite payment of Nu. 438.588 million, the project was yet to receive all the materials as on November 2022. *(AIN: RTICD-2023-49; Obs. No. 3)*
5. The PHEP-II made an excess payment of Nu. 28.220 million to M/s Jay Pee Associated Limited (JAL) for Contract Package Number C1 (constructing Diversion Tunnel, Dam, Intake, Desilting arrangement, Hydro-Mechanical Works, and Highway Tunnel). This had occurred due to inclusion of electricity charges in the rate analysis which was in deviation to the guidelines of the Central Water Commission. Further, an excess payment of Nu. 17.07 million was made to M/s Jay Pee Associated Limited (JAL) under Contract Package Number C1 due to the incorrect application of scheduled production hours. *(AIN: RTICD-2023-49; Obs. No. 4 & 5)*
6. The Dzongkhag Administration, Paro had accepted a significantly unbalanced bid from M/s Jabab Construction Pvt. Ltd. for the work of Construction of Drasha at Jaba Jangchub Choeling, Paro. The RAA noted that the contractor had quoted Nu. 25,000.00 per sqm for Red Lead Primer which was 736 times higher than the BSR rates of Nu. 33.94 per sqm resulting in extra payment of Nu. 2.730 million. The evaluation committee had not sought any clarification for the seriously unbalanced rate for the particular work item. *(AIN: GGD-2022-460; Obs. No. 9.1)*
7. The PHEP-II had a case of non-refund of Provident Fund of Nu.3.57 million to workers for the construction of the Head Race Tunnel from Adit-I and Adit-II under Contract Package C-2 (HRT) awarded to Gammon, India. The RAA found

that Nu. 14.40 million was repaid from the deposit of Nu. 16.44 million. However, the balance of Nu.3.57 million (Nu. 2.04 million plus 1.53 million in interest) remained not refunded. *(AIN: RTICD-2023-49; Obs. No. 6)*

8. The Gewog Administration, Wangchang, Paro had accepted defective works in the maintenance of farm roads under the Gewog executed by a community contractor at Nu. 2.233 million. The RAA found that the GSB was not provided as per the BoQ specifications. *(AIN: GGD-2022-460; Obs. No. 17)*
9. The Dzongkhag Administration, Paro had not levied liquidated damages amounting to Nu. 3.466 million for the delay in the Construction of the Football Ground at Nemjo, Paro executed by M/s Sonam Construction Pvt. Ltd. The RAA noted that the works were taken over by the Dzongkhag before completion. *(AIN: GGD-2022-460; Obs. No. 3.2)*
10. The Gewog Administration, Shaba, Paro had accepted defective works in the maintenance of farm roads under the Gewog executed by a community contractor at Nu. 6.287 million. The RAA found that the GSB was not provided as per the BoQ specifications. *(AIN: GGD-2022-460; Obs. No. 22)*
11. The Dzongkhag Administration, Gasa had not deducted rebate amounting to Nu. 0.270 million offered by M/s Phola Construction in the Construction of Toilet at Bjishong Centre School. The contractor had offered lump sum rebate as per the contract. *(AIN: GGD-2022-461; Obs. No. 2)*
12. The DSE, MoE had made inadmissible payment of Nu. 1.42 million to M/s. Ugyen Norlha Builders in the Construction of IT Lab at various schools under Wangdue Dzongkhag. The RAA found that the payments were made for incomplete works in providing and fixing of furniture and electrical items at Khohtokha Primary School and Phobjikha Central School. *(AIN: SCID-2022-271; Obs. No. 3.1)*
13. The Secretariat, Dratshang Lhentshög had made an inadmissible payment of Nu.1.000 million in the Construction of Lam's Residence at Dzongdrakha Lhakhang. The RAA found that the funds were diverted to a different activity of renovating Guru Lhakhang. There were no documents of re-appropriation of funds. *(AIN: GGD-2022-168; Obs. No. 12)*
14. The NLCS had made payment of Nu. 2.026 million based on the bills pertaining to a non-existent business entity, Ms. RG Tshongkhag, for the purchase of gift items. There were no records of procurement process followed, sanctions and approvals and accountal in the stock register. *(AIN: GGD-2022-588; Obs. No. 4)*
15. The Cabinet Secretariat had not received 94 electric vehicles ordered under Bhutan Sustainable Low Emission Urban Transport System Project from M/s

- Kuenphen Motors and M/s Karjung Motors. The RAA noted that the Secretariat had released the subsidy of Nu. 36.171 million in respect of those vehicles. Further, there were no contractual obligations specified in the contract for failure to deliver within the stipulated timeframe. *(AIN: GGD-2022-591; Obs. No. 2)*
16. The National Post Harvest Centre, Paro had made inadmissible payment of Nu. 0.146 million in the Construction of Agro-Processing Unit in Bjabchu Gewog, Chukha awarded to a community contractor. The RAA noted that the contractor had claimed for two RRM walls against the construction of one RRM wall at site. *(AIN: RTICD-2022-442; Obs. No. 1)*
17. The Department of Agriculture, MoAF had outstanding advances of Nu. 6.992 million against Dzongkhags and an official. The RAA noted that the advances had remained unadjusted for more than two FYs. *(AIN: RTICD-2022-465; Obs. 3)*
18. The Punatshangchhu-I Hydroelectric Project (PHEP-I) had not adjusted the extra payment on few deviated items and parameters in the Revised Rate Analysis amounting to Nu. 257.834 million from Contractor of the MC-3 Package. The RAA noted that the 149<sup>th</sup> Running Account Bill for MC-3 had 105 deviated items and 128 extra items which were paid based on the BoQ rates and analyzed rates approved in May 2013. However, some of the parameters paid from Revised Rate Analysis were not applicable and the amount stands recoverable. *(AIN: RTICD-2023- 237; Obs. No. 1)*
19. The Department of Agriculture had not collected rebates of Nu. 0.786 million in the procurement of HDPE pipes under the Water Flagship Project at Wangringmo, Tashiyangtse, Khangdari – Godari, Tashigang and Chukarpo, Samdrup Jongkhar. The RAA noted that the Department had not submitted the details of the procurement of HDPE pipes to the Department of National Properties as per notification of the Ministry of Finance. *(AIN: RTICD-2022-465; Obs. No. 2)*
20. The Dzongkhag Administration, Haa had not used materials worth Nu. 1.288 million for electric fencing in the Gewogs. The RAA noted that despite the procurement of the materials, the Dzongkhag had not initiated the construction of the electric fencing and the materials were lying idle in the stores. *(AIN: OAAGPL-2022-445; Obs. No. 9)*
21. The Drungkhag Administration, Tashicholing, Samtse had not levied liquidated damages amounting to Nu.1.676 million on M/s Druk Magical Private Ltd. in the Improvement of Farm Road from Gewog Center to Lamekotari under Namgaychholing Gewog. The RAA noted that the work was delayed beyond extended time of contract. *(AIN: OAAGPL-2022-391; Obs. No. 45.1)*

22. The Gewog Administration, Norgaygang, Samtse had outstanding advances of 6.879 million against various parties. The RAA noted that some of the advances pertained to FY 2020-21. The Gewog Administration was recommended to expedite the settlement of the overdue advances. *(AIN: OAAGPL-2022-391; Obs. No. 30.5)*
23. The Gewog Administration, Pemaling, Samtse had outstanding advances of Nu. 1.366 million against various parties. The RAA noted that some of the advances pertained to 2020-21. The Gewog Administration was recommended to expedite the settlement of the overdue advances. *(AIN: OAAGPL-2022-391; Obs. No. 35.5)*
24. The Gewog Administration, Tashicholing, Samtse had outstanding advances of Nu. 2.152 million against various parties. The RAA noted that some of the advances pertained to 2020-21. The Gewog Administration was recommended to expedite the settlement of overdue advances. *(AIN: OAAGPL-2022-391; Obs. No. 39.3)*
25. The Gewog Administration, Tashicholing, Samtse had released the PW advances amounting to Nu. 1.448 million without proper sanction and approval from the competent authority. The payment of huge advances without proper approvals was in contravention to the financial norms. *(AIN: OAAGPL-2022-391; Obs. No. 39.1)*
26. The Thromde Administration, Phuentsholing had a case of non-installation of Transceiver Radio Communication System worth Nu. 2.929 million under the SASEC Transport Project. The RAA noted that the system was transferred to the RBP Head Quarter, Thimphu before installation/commissioning of the equipment. *(AIN: OAAGPL-2022-568; Obs. No. 1)*
27. The Dzongkhag Administration, Zhemgang had not levied liquidated damages amounting to Nu. 2.134 million on termination of the contract in the Blacktopping of Bardo Gewog Connectivity Road. The RAA noted that the contractor M/s Dungkhar Construction Pvt. Ltd. was terminated after the work-site was abandoned. *(AIN: OAAGB-2022-408; Obs. No. 18.1)*
28. The Dzongkhag Administration, Bumthang had not levied liquidated damages amounting to Nu. 3.056 million in the Construction of Urban Roads within Bumthang. The RAA noted that while the delay in the works after time extension was 41 days, the liquidated damages was levied only for 11 days. *(AIN: OAAGB-2022-410; Obs. No. 1.1)*
29. The Dzongkhag Administration, Trongsa had a case of short-levy of liquidated damages amounting to Nu. 2.315 million in the work of Improvement of Kharshong-Mangdiphu Farm Road (Package-II) awarded to M/s Tshering

Construction Pvt. Ltd. The RAA noted that liquidated damages for the delay of 17 days was not levied. *(AIN: OAAGB-2022-521; Obs. No. 10)*

30. The Gewog Administration, Tongmijangsa, Trashiyangtse had constructed government structure worth Nu. 3.300 million on private land. The Gewog Administration had built the structure on the land owned by the former Gup during the financial Year 2014-15 which is contravention to the existing rules. *(AIN: OAAGSJ-2022-515; Obs. No. 19)*
31. The Dzongkhag Administration, Trashiyangtse had directly awarded Improvement of Farm Road from Zhapang Jungtion Phudung under Bumdeling Gewog amounting to Nu. 8.364 million. The work was directly awarded to M/s Serbu Construction, Trashiyangtse without documented records to substantiate the rationale and basis for opting direct award. *(AIN: OAAGSJ-2022-515; Obs. No. 2)*
32. The Koufuku International Limited, Trashigang had made unjustified expenditure amounting to 1.591 million on maintenance of Hilux. The RAA noted that the vehicle had undergone two major repair and maintenance in a span of one year. The RAA recommended the Corporation to establish proper property management and maintenance system to avoid such imprudent expenses. *(AIN: OAAGSJ-2023-288; Obs. No. 2)*
33. The Kholongchhu Hydro Energy Limited, Trashiyangtse had a case of non-inclusion of prime items in BoQ by the consultancy firm and non-deduction of variations amounting to Nu. 10.207 million. The RAA noted that the omission of prime items during the planning phase was a failure on the part of the consultancy firm and acceptance without proper review by KHEL. The RAA recommended for justification of such lapses resulting in significant financial loss. *(AIN: OAAGSJ-2023-165; Obs. No. 3)*
34. The Kholongchhu Hydro Energy Limited, Trashiyangtse had a case of non-liquidation of advance amounting to Nu. 8.887 million on contract termination. The RAA noted that the contract was terminated on the request of the contractor without obtaining proper work progress report including status of advance liquidation and applicability of liquidated damages for delays. The KHEL was recommended to expedite the recovery of the advances. *(AIN: OAAGSJ-2023-165; Obs. No. 14)*
35. The Dzongkhag Administration, Samdrupjongkhar had made an irregular award the work of Construction of 4-Unit Staff Quarter and 4-Unit Library Block at Phuntshothang MSS to M/s P. T Construction Pvt. Ltd. The RAA noted that the contract was initially terminated and re-awarded to the same contractor. The termination was done due to substantial delays in the completion of the work and the contractor was asked to deposit excess payments, penalties and applicable liquidated damages. However, instead of



initiating recoveries as recommended by the RAA, the Dzongkhag Administration had re-awarded the work to the same contractor. The work, initially scheduled for completion in May 2018 was not completed even in October 2022 depriving the school of its benefits. *(AIN: OAAGSJ-2022-511; Obs. No. 23)*

36. The Dzongkhag Administration, Punakha had made an inadmissible payment of Nu. 1.313 million for quarantine facility expenses due to incorrect calculation of number of days of halt. The RAA noted that the inadmissible payment occurred due to lack of clarity on the halt charges payment during the checkout day as the bills included payment against food and lodging for the checkout days. *(AIN: OAAGTS-2022-430; Obs. No. 1.2)*
37. The Dzongkhag Administration, Punakha had not recovered liability and penalty amounting to Nu. 1.328 million on the termination/breach of contract for Construction of Approach Road and Bailey Bridge over Mochhu River carried out by M/s Druk Gyelyong Construction, Chhukha. The Dzongkhag Administration was recommended to recover the amount and deposit into Audit Recoveries Account (ARA). *(AIN: OAAGTS-2022-430; Obs. No. 2)*
38. The Dzongkhag Administration, Punakha had not collected royalty amounting to Nu. 22.122 million for the extraction of GSB materials used for different construction projects. The RAA noted that the differences in permits obtained for extraction of the GSB materials and actual extraction and use varied indicating lack of information sharing and coordination between DFO and the Dzongkhag. The RAA recommended for verification of the actual quantities of GSB materials extracted and used besides recovering the applicable royalty, fines and penalties. *(AIN: OAAGTS-2022-430; Obs. No. 3)*
39. The Dzongkhag Administration, Tsirang had not collected royalty amounting to Nu. 1.835 million for the extraction of GSB materials used for different construction projects. The RAA noted that the differences in permits obtained for extraction of the GSB materials and actual extraction and use varied indicating lack of information sharing and coordination between DFO and the Dzongkhag. The RAA recommended for verification of the actual quantities of GSB materials extracted and used besides recovering the applicable royalty, fines and penalties. *(AIN: OAAGTS-2022-466; Obs. No. 1)*
40. The Department of Agriculture had executed the Chukarpo Irrigation Scheme under the Water Flagship Project at Langchenphug Gewog, Samdrup Jongkhar without the prerequisites like drawings, designs, specifications, detailed estimates, Administrative Approval and Technical Sanction. The RAA insisted for compliance to these requirements to ensure proper management of the construction including quality, cost and integrity of the structures built. *(AIN: RTICD-2022-465; Obs. No. 1.1.)*

41. The Department of Agriculture had made a direct procurement of Generator, HDPE Pipe joining machine with cutting & heating plates, and other fittings worth Nu. 13.077 million from M/s Tak Dongchen Enterprise, Thimphu without the approval or market analysis. The RAA noted that the procurement method applied was in deviation to the PRR 2019 and the simplified Procurement Rules and Regulation (SPRR) 2021. Further, RAA also noted possible existence of conflict of interest as the Site Engineer was involved in placing the supply orders, a function normally handled by a different official. *(AIN: RTICD-2022-465; Obs. No. 1.5)*
42. The Department of Trade had a case of non-renewal of insurance policy document in the construction of RCC Retaining Wall and Approach Road to Pasakha Dry Port. The RAA found that the insurance policies were not renewed for proportionate period of time extension and the extended defect liability period as required. *(AIN: RTICD-2022- 270; Obs. No. 1&2)*
43. The Mangdechhu Hydropower Plant (MHP), Trongsa had outstanding advances of Nu. 327.178 million as on 31st December 2022. Out of which sum of Nu. 2.033 million pertained to the employees and Nu.325.178 million was against the suppliers and contractors. The RAA recommended to expedite recovery/adjustment of advances. *(AIN: RTICD-2023-259; Obs. No. 6)*
44. The Construction Development Corporation Limited (CDCL) had cases of irrational adjustment of Nu. 81.181 million for cost changes (Price Adjustments) in contract package CW-01, Construction of River Training & Embankment Work," in the Phuentsholing Township Development Project (PTDP). The contract documents did not clearly specify the terms of adjustments and formula to be applied for calculation of price adjustment after 12 months. Further, the RAA also noted the price adjustments were allowed for works executed within 12 months of commencement. The CDCL was recommended to revisit the price adjustment clause in the contract document to save the project from avoidable costs besides pursuing recovery of the amount. *(AIN: COAD-2023-48; Obs. No. 2)*
45. The Construction Development Corporation Limited (CDCL) had accepted the tender with inclusion of Performance Security bond and Insurance as separate BOQ items leading to additional and avoidable cost of Nu. 55.291 million Contract Package CW-01, Construction of River Training & Embankment Work," under Phuentsholing Township Development Project (PTDP). The RAA noted that the actual expenses on those items were significantly lower. *(AIN: COAD-2023-48; Obs. No. 3)*
46. The Construction Development Corporation Limited (CDCL) had made an overpayment of Nu. 0.583 million in the construction of RCC Cast in-situ and RCC Retaining wall along the Amochu stretch in Phuentsholing Township Development Project (PTDP). The overpayment had occurred due to

differences in the lengths of the walls at site and actually recorded and paid for. *(AIN: COAD-2023-48; Obs. No. 5)*

47. The Construction Development Corporation Limited (CDCL) had made an excess payment of Nu. 0.252 million in providing and laying machined cut Green Rough Kota stone along upper & lower walkways in Phuentsholing Township Development Project (PTDP). The excess payment had occurred due to difference in the quantities provided at site and actually paid for. *(AIN: COAD-2023-48; Obs. No. 6)*
48. The Dzongkhag Administration, Paro had not levied liquidated damages of Nu. 0.246 million for Re-laying of UG Cable & Extension & Maintenance and Installation of Street Light at Tshongue Town, Paro executed by M/s Lhakdeen Construction, Mongar. The RAA noted that the works were taken over by the Dzongkhag before the completion. *(AIN: GGD-2022-460; Obs. No. 14.2)*
49. The Dzongkhag Administration, Paro had accepted incomplete works in the Construction of Football Ground with Astro-turf executed by M/s Sonam Construction Private Limited at Nu. 34.655 million. The RAA found that some items of work were not provided as per the BoQ specifications. *(AIN: GGD-2022-460; Obs. No. 3.1)*
50. The Dzongkhag Administration, Paro had accepted defective works in the Construction of Farm Road from Metakha to Thasazingkha under Naja Gewog executed by M/s Chengala Construction, Mongar at Nu.11.575 million. The RAA found that the GSB was not provided as per the BoQ specifications. *(AIN: GGD-2022-460; Obs. No. 5.2)*
51. The Dzongkhag Administration, Thimphu had made an excess payment of Nu. 0.534 million to M/s Passang Construction in the Construction of Yamgoe to Chugaythangkha Farm Road. This had occurred due to short execution of drain works. *(AIN: GGD-2022-440; Obs. No. 7.1)*
52. The Drukgyal Dzong Re-construction Project had released the payment of Nu. 0.818 million for the work of Installation, Programming and Commissioning Charges of Fire Alarm System before the completion of work. The RAA found that the payment was released based on the completion of 90 % of the work. The RAA recommended the project management to expedite the completion of work. *(AIN: GGD-2023-46; Obs. No. 2)*
53. The Department of Disaster Management, MoHCA had unadjusted PW advance of Nu. 2.150 million against Dzongkhag Administration, Samdrup Jongkhar for the implementation of the Disaster Management Project. The RAA noted that the Project had released advances to Dzongkhag and BoD as

deposit work for the Construction of the Humanitarian Staging Area and Fueling. *(AIN: GGD-2022-439; Obs. No. 3)*

54. The International Assistance Project implemented by the Ministry of Health (MoH) had outstanding PW advances of Nu. 1.062 million against two officials. The RAA recommended the project management to recover the outstanding advance and deposit into ARA. *(AIN: SCID-2022-401; Obs. 2)*
55. The JDWNRH, Thimphu had not recovered 20% of remaining incomplete work amounting to Nu. 1.458 million upon the termination of contract with M/s. Ugyen Tshenden Construction Pvt. Ltd for the Construction of G+4 Bio-Medical Maintenance and Procurement Office. The JDWNRH was recommended to recover 20% of the value of works not completed and deposit into ARA. *(AIN: SCID-2023-92; Obs. No. 4.2)*
56. The JDWNRH, Thimphu had not recovered liquidated damages amounting to Nu. 3.321 million upon the termination of contract of Construction of G+4 Bio-Medical Maintenance and Procurement Office awarded to M/s. Ugyen Tshenden Construction Pvt. Ltd. The JDWNRH was recommended to recover liquidated damages and deposit into ARA. *(AIN: SCID-2023-92; Obs. No. 4.3)*
57. The BDBL had pending receivables aggregating to Nu. 0.218 million on account of renovation of Doksum GFO office. The total cost of renovation work was Nu. 0.252 million of which only Nu. 0.034 million was recovered/adjusted. The adjustment was agreed at the rate of Nu. 2000.00 per month to be adjusted from the payment of monthly rental charges to the house owner. The RAA had observed that the deduction had not been made since November 2018. *(AIN: COAD-2022-315; Obs. No. 6.i)*

### **C. Non-compliance to Human Resource Management Norms**

The significant cases of non-compliance to Human Resource Management norms are summarised below:

1. The Food Corporation of Bhutan Ltd., Phuentsholing had a case of short-deduction of financial obligation amounting to Nu. 0.782 million incurred for training of one of its employees on his resignation. The RAA noted that the HRC of the Corporation had reduced the financial obligations on resignation of the employee thereby overriding the company's Service Rules and Regulations resulting in short collection. The RAA recommended the Corporation to recover the balance obligation amount besides ensuring that the decisions of the HRC complies with the Service Rules and Regulations of the Corporation. *(AIN: OAAGPL-2022-412; Obs. No. 1)*

2. The Dungsam Cement Corporation Ltd. Nganglam, Pemagatshel had a case of inadmissible grant of increment amounting to Nu. 0.209 million. The RAA noted that the Corporation had granted three increments for five employees which was in deviation to its Service Rules. The DCCL was recommended to regularize the payments through approval of the Board besides ensuring compliance with Service Rules in future. *(AIN: OAAGSJ-2023-11; Obs. No. 14)*
3. The Druk Holding and Investments had cases of non-compliance to the requirement of acquiring audit clearances for employees for promotion and contract extension. The RAA noted that the DHI had approved promotion of two officials and contract extension granted to one official without obtaining Audit Clearance as required. Another instance was noted where the employee had obtained Audit Clearance after promotion defeating the purpose of the clearance. *(AIN: COAD-2022-275; Obs. No. 4)*
4. The Druk Air Corporation Ltd. had released post-retirement benefits to employees without obtaining the audit clearance certificate. The RAA noted that five officials of the Corporation were provided with post-retirement benefits without audit clearance in violation to the DACL Service Manual and notification issued by the RAA. *(AIN: COAD-2022-420; Obs. No. 1)*

#### **D. Non-compliance to other policies, laws, regulations**

The significant cases of non-compliance to other policies, laws, regulations are summarised below:

1. The RRCO, Phuentsholing had a case of non-declaration of income by the hoteliers amounting to Nu. 8.912 million for the income year 2020 and 2021. The RAA noted that the hoteliers had not declared their income received from quarantine resulting in under declaration of income. *(AIN: OAAGPL-2022-479; Obs. No. 3.1)*
2. The DFO, Samtse had a case of sub-contracting of works for Surface Collection of sand/boulders and river dredging work along Purbay River under Tading Geowg, Samtse. The work initially contracted to NRDCCL was sub-contracted to two private firms in contravention to the Forest and Nature Conservation Rules and Regulations. The RAA noted that due to illegal sub-contracting, the whole quantity of RBM dredged and exported by the private firms was liable for fines and penalties amounting to Nu. 43.020 million. *(AIN: OAAGPL-2022-518; Obs. No. 1)*
3. The Dzongkhag Administration, Zhemgang had not implemented Cost-sharing Mechanism for RNR sectors resulting in financial burden amounting to Nu. 2.297 million to the government. The RAA noted that the Dzongkhag

Administration had provided 100% subsidy to farmers and cooperative groups as against the norms. (AIN: OAAGB-2022-408; Obs. No. 16)

4. The Dzongkhag Administration, Trashigang had not imposed fines, penalties and royalties amounting to Nu. 1.798 million in the extraction of GSB materials. The lapses occurred due to lack of coordination between the DFO and Dzongkhag Administration regarding the permits obtained and the actual extraction of GSB materials. The RAA recommended for verification of the actual quantities extracted and used besides recovering the leviable royalty, fines and penalties. (AIN: OAAGSJ-2022-523; Obs. No. 2)
5. The Kholongchhu Hydro Energy Limited, Trashiyangtse had made irregular payment of Price Adjustment amounting to Nu. 1.351 million. This was in contravention to the notification issued by MOF regarding calculation of price adjustment. The KHEL was recommended to provide written approval for the payment of the price adjustment failing which, the project was recommended to recover the amount. (AIN: OAAGSJ-2023-165; Obs. No. 6)
6. The Dzongkhag Administration, Pemagatshel had not imposed fines, penalties and royalty amounting to Nu. 7.256 million for use of GSB materials. The RAA noted that the quantities for which permits were obtained and the actual quantities of extraction and usage did not match resulting in the revenue loss to the government. The RAA recommended for verification of the actual quantities of GSB materials extracted and used besides recovering the applicable royalty, fines and penalties. (OAAGSJ-2022-531; Obs. No. 1.4)
7. The Dzongkhag Administration, Wangduephodrang had not collected royalty amounting to Nu. 7.514 million for the extraction of GSB materials used for different construction projects. The RAA noted that the differences in permits obtained for extraction of the GSB materials and actual extraction and use varied indicating lack of information sharing and coordination between DFO and the Dzongkhag. The RAA recommended for verification of the actual quantities of GSB materials extracted and used besides recovering the applicable royalty, fines and penalties. (AIN: OAAGTS-2022-473; Obs. No. 1)
8. The Dzongkhag Administration, Paro had a case of leasing state land to Paro Football Club by Wochu Lower Secondary School (WLSS). The RAA noted that the school had leased the land for 30 years. The leasing of state land by government agencies is restricted as per the Land Lease Rules and Regulations 2018 and the circular from the National Land Commission Secretariat. (AIN: GGD-2022-460; Obs. No. 4)
9. The Dzongkhag Administration, Paro had used Granular Sub-base (GSB) materials without obtaining permits for the construction and maintenance of farm roads in six Gewogs. - Shaba, Tsento, Naja, Wangchang, Dopshari, and



Lamgong. This had resulted in short collection of royalties and fines amounting to Nu. 3.224 million. *(AIN: GGD-2022-460; Obs. No.10)*

10. The State Trading Corporation of Bhutan Limited (STCBL) had a case of unsettled Credit Sales of fuel worth Nu. 0.425 million receivable from Ramtokto Fuel Outlet against the customer No. CUS023944. Credit sales of fuel was in contravention to the company's existing practices and policy on credit sales. STCBL was asked to look into the circumstances under which credit was approved besides making concerted effort to recover the amount along with applicable interest and furnish appropriate reports. *(AIN: COAD-2022-293; Obs. No. 4)*

### 3.2.2. Agencies with Cases of Non-Compliance to Laws, Rules and Regulations

**Table 2. Top ten agencies with cases of non-compliance to laws, rules & regulations with corresponding amount:**

Sl. No.	Name of the Agency	Amount (Nu. Million)
1	Punatshangchu Hydroelectric Project (PHEP)-II	885.02
2	Phuntsholing Township Development Project	478.82
3	Mangdechhu Hydroelectric Project Authority	327.24
4	Department of Air Transport Authority, MoIC	127.58
5	Secondary Towns Urban Development project (STUDP)	45.33
6	Dzongkhag Administration, Trongsa	37.52
7	Dzongkhag Administration, Trashigang	32.32
8	Department of Agriculture	30.88
9	Dzongkhag Administration, Samtse	30.83
10	Dzongkhag Administration, Paro	26.26

### 3.3. SHORTFALL, LAPSES AND DEFICIENCIES

The cases of 'shortfall, lapses and deficiencies' accounted for 19.57% of the total irregularities aggregating to Nu. 555.683 million. The issues of Shortfall, Lapses and Deficiencies were reported based on the materiality having potential to undermine the economic and efficient functioning of agencies.

#### 3.3.1. Significant Cases of Shortfall, Lapses and Deficiencies

The significant cases of shortfall, lapses and deficiencies are summarised below:

1. The Dzongkhag Administration, Paro had not collected revenue of Nu. 1.697 million on account of parking fees from M/s. Lhaki Enterprise, Thimphu. The RAA noted that the revenues pertaining to previous years were not deposited with the Dzongkhag as per the deposit schedule agreed in the contract. *(AIN: GGD-2022-460; Obs. No. 15)*
2. The PHEP-II had made an inadmissible payment of Nu. 36.995 million to M/s JAL by granting 25% overhead and profit on 80% of FMI's cost for drilling and installing rock bolts. The RAA found the previously declined proposal of M/s JAL, requesting 25% overhead and profit on 80% of FMI's cost, was subsequently endorsed due to the inclusion of free lodging and local conveyance. *(AIN: RTICD-2023-49; Obs. No. 7.1)*
3. The PHEP-II had made an excess payment of Nu. 40.323 million to M/s. JAL due to non-deployment of the minimum required manpower of 12 personnel for supervision, as per work orders. The RAA found that the payment calculation was based on 12 personnel rates though the actual deployment ranged from 2 to 8 between November 2017 and November 2022, resulting in excess payment. *(AIN: RTICD-2023-49; Obs. No. 7.2)*
4. The PHEP-II had made an excess payment of Nu. 46.861 million to M/s. JAL due to flaws in the 2nd rate analysis. This stemmed from a double-rate analysis for rock bolting, with machinery charges inflated by 210%, reaching Nu. 2244.695 in second-rate analysis from Nu. 723.57 in the first-rate analysis. The flawed analysis applied the same coefficient for L2D Boomer and Tata Tripper, without considering their distinct roles. Further, M/s. JAL's inclusion of work supervisors increased machine charges, despite payment made to Freyssinet Menard India for supervising M/s. JAL's work. *(AIN: RTICD-2023-49; Obs. No. 7.3)*
5. The PHEP-II had made an excess payment of Nu. 1.496 million to M/s. JAL due to Freyssinet Menard India (FMI) methodology misinterpretation in first-rate analysis. M/s JAL's inclusion of supervisors in rate analysis increased machinery charges though the FMI was paid for providing supervision for the

rock bolting works carried out by M/s. JAL. (AIN: RTICD-2023-49; Obs. No. 7.4)

6. The PHEP-I and PHEP-II had made a payment of Nu. 7.790 million on account of cost of eight staff deployed at Hon'ble Minister's Office, MoEA (3 from PHEP-I and 5 employees from PHEP-II). The staff deployed included two Lower Desk Clerks, two Peons, one Environment Officer, One Gardener cum Sweeper, and one Driver. The job description of the staff as received from the stated employees showed overlapping services and excess employees. The services of these staffs were mostly clerical and included serving tea as a common activity. The need for such number of staffs was not defined and were beyond the project's scope besides entailing additional cost to the projects. The deployment was not supported by any project-related documents. Further, two Engineers from MoEA received an honorarium for providing technical services to PHEP-I & II, raising concerns about its appropriateness and potential influence on project decisions. (AIN: RTICD-2023-49; Obs. No. 12)
7. The Dzongkhag Administration, Gasa had made a wasteful expenditure of Nu. 2.268 million in the work of Clearing of Jungle at the Wophu Settlement site and Chubisa Kidu Land. The RAA found that the trees felled over a year ago were left un-extracted, leading to decay and deterioration. (AIN: GGD-2022-461; Obs. No. 8 & 9)
8. The DSE, MoE had made extra payments of Nu. 4.644 million on account of scholarship and tuition fees to private schools. The RAA found that MoE had made double remittance of scholarship fees to Kuendrup High School and excess tuition fees to 10 private schools pertaining to unreported student dropout cases. (AIN: SCID-2022-271; Obs. No. 1.1 & 1.2)
9. The Dzongkhag Administration, Samtse had not maintained appropriate documentation to support re-deposit of unspent Deposit Work balances amounting to Nu. 29.003 million. In absence of documentation, the RAA could not authenticate the actual unspent balance against different Deposit Work Accounts. The RAA recommended the Dzongkhag Administration to trace the details of the unspent balances and carry out reconciliation. (AIN: OAAGPL-2022-391; Obs. No. 1.2)
10. The Dzongkhag Administration, Samtse had not maintained appropriate records for consumption of MS Steel amounting to Nu. 2.243 million in the Construction of 200-bedded Quarantine Facility at DamDhum, Samtse. The RAA could not verify the consumption details in the absence of drawings and stock register and thus, the usage of the item could not be authenticated. (AIN: OAAGPL-2022-391; Obs. No. 10.2)
11. The Tala Hydro Power Plant had a case of underutilization of properties worth Nu. 11.907 million. The RAA noted that the THPP had capitalized two buildings

in 2006 and used until 2018 after which the properties were vacated due to damages. The management was recommended to take appropriate actions to ensure that the revenue generating assets are revamped and utilized. **(AIN: OAAGPL-2022-451; Obs. No. 1)**

12. The Dzongkhag Administration, Haa had a case of underutilization of Greenhouses with complete sets of accessories amounting to Nu. 3.495 million. The RAA noted that 45 number of polly houses were lying idle thereby yielding no value for money and benefits to the citizens. **(AIN: OAAGPL-2022-445; Obs. No. 8)**
13. The National Jersey Breeding Centre, Samtse had not surrendered unserviceable or obsolete items worth Nu. 1.995 million to the Department of National Properties. Further, the Center had not recorded the book values of some unserviceable items in the Fixed Assets Register. The RAA recommended for earliest surrender of the said items to the Department of National Properties. **(AIN: OAAGPL-2023-14; Obs. No. 1)**
14. The Thromde Administration, Phuentsholing had not utilized the Bore Well constructed at a cost of Nu. 1.178 million resulting in unfruitful expenditure. The RAA noted that the Bore Well was not taken care of or utilized for over two years. **(AIN: OAAGPL-2023-248; Obs. No. 12.2)**
15. The Gewog Administration, Tading had a case of non-implementation of RWSS activity resulting in non-utilization of HDPE pipes worth Nu. 2.889 million. The RAA noted that besides non-utilization of the pipes, there was no proper storage of the pipes thereby failing in delivering the intended objectives and rendering the expenses wasteful. **(AIN: OAAGPL-2022-391; Obs. No. 17.1)**
16. The Thromde Administration, Phuentsholing had made payment of Nu. 1.989 million on account of hiring charges without appropriate supporting documents. The RAA could not validate the legitimacy of the payment due to missing documents and inconsistent recordings in the log books. **(AIN: OAAGPL-2023-248; Obs. No. 13.1)**
17. The Medical Stores and Distribution Division, Phuentsholing had made an inadmissible payment of TADA amounting to Nu. 0.196 million. The amount included inadmissible payment due to mismatch of travel dates with CPMS records and travel allowance claims, no records of travel in CPMS and inadmissible payment of mileage. **(AIN: OAAGPL-2023-315; Obs. No. 2)**
18. The Dzongkhag Administration, Samtse had made double payment of Nu. 1.087 million in the Construction of Permanent Work of Phuentshopelri to Samtse road. The RAA noted that the Dzongkhag Administration had paid twice for some work items in the construction of the RRM wall. **(AIN: OAAGPL-2022-391; Obs. No. 9.1)**

19. The Gewog Administration, Norgaygang had made an inadmissible payment of Nu. 1.140 million in the Construction of RCC motorable Bridge at Fenchi Khola. The RAA noted that the item of work for which the payment was made was not included either in the BoQ or the estimates. *(AIN: OAAGPL-2022-391; Obs. No. 46.2)*
20. The PCAL, Gomtu had not deducted TDS amounting to Nu. 5.227 million from M/s BuildMate Projects Private Limited, India in the Construction of AAC Blocks Project. The RAA noted that the PCAL had bifurcated the works into two parts which could possibly lead to evasion of tax. The PCAL was recommended to recover the amount as per TDS Guidelines, 2018. *(AIN: OAAGPL-2023-151; Obs. No. 2.2)*
21. The Dzongkhag Administration, Haa had accepted defective works valuing Nu. 1.077 million in the Construction of Permanent Structures for the Khamina to Lumphakha Farm Road. The RAA noted that the work was not executed as per the specifications and was damaged in some parts. The RAA recommended the Dzongkhag Administration to initiate rectification. *(AIN: OAAGPL-2022-445; Obs. No. 5.1)*
22. The Dzongkhag Administration, Zhemgang had a case of wasteful expenditure of Nu.4.110 million in the construction of Abutment and Launching of Bailey Bridge over Bortigang River in Bardho Gewog. The bailey bridge could not be completed as the right abutment was affected by a landslide. The RAA noted that the abutment was constructed on loose soil and near a previous landslide area raising questions on the completeness of the feasibility study. *(AIN: OAAGB-2022-408; Obs. No. 19)*
23. The Dzongkhag Administration, Zhemgang had a case of less deduction of fines and royalties amounting to Nu. 4.607 million on account of boulders extraction for GSB works. The RAA noted that the permits for extraction of GSB for various construction activities were lesser than the actual extractions resulting in under collection of royalty. Besides, there was no coordination between the Dzongkhag Administration and DFO to ascertain the actual quantity extracted and royalty applicable. *(AIN: OAAGB-2022-408; Obs. No. 19)*
24. The Dzongkhag Administration, Zhemgang had a case of short deposit of Security Deposits amounting to Nu. 1.012 million. The RAA noted that the Dzongkhag Administration had not carried out regular reconciliations to avoid such instances. The Administration was recommended to obtain release from DPA and deposit in the Refundable Deposits Account. *(AIN: OAAGB-2022-408; Obs. No. 36.2)*

25. The Dzongkhag Administration, Lhuentse had a case of excess deposit of Nu. 1.438 million into Non-revenue Deposit Account. The excess deposits pertained to deposit works and the Dzongkhag Administration was recommended to reconcile the differences in consultation with Ministry of Finance. *(AIN: OAAGB-2022-579; Obs. No. 1.1.1)*
26. The Dzongkhag Administration, Lhuentse had an idle stock of materials amounting Nu. 1.688 million procured for COVID-19 relief measure. The RAA recommended the Dzongkhag Administration to explore possibilities of utilizing the materials that included blankets, pillows and kitchen items, to ensure that government resources are not wasted. *(AIN: OAAGB-2022-579; Obs. No. 11)*
27. The Dzongkhag Administration, Lhuentse had not deducted the penalty of Nu. 3.420 million on termination of contract of Construction of Permanent Structures for Gewog Center to Chengling farm road. The Contractor, M/s Tacho Construction was terminated for abandoning the work site. The Dzongkhag Administration was recommended to expedite the recovery of the penalty. *(AIN: OAAGB-2022-579; Obs. No. 15)*
28. The Gewog Administration, Khoma, Lhuentse had a case of underutilization of Sangzay Production Unit at Khomagang constructed at a cost of 1.007 million. The RAA noted that the cost of raw materials consumed to produce the incense powder is very high thereby increasing the cost of production and price of the product. The Gewog Administration was recommended to explore possibilities of using the structure and intimate to the RAA. *(AIN: OAAGB-2022-579; Obs. No. 19)*
29. The Gewog Administration Khoma had a case of unjustified grant of time extension and non-levy of liquidated damages amounting to Nu. 1.143 million in the Construction of Permanent Structure for Khoma to Gangla-Khena Farm Road. The contract was awarded to M/s Peldang Construction Pvt. Ltd. and time extension was accorded for shortage of skilled labour and unavailability of spare parts for construction equipment which was found not meriting time extension. *(AIN: OAAGB-2022-579; Obs. No. 18)*
30. The Gewog Administration, Khamdang, Trashiyangtse had not utilized RWSS materials procured at a cost of Nu. 2.399 million. The non-utilization was stated to be due to duplication of the work with the Water Flagship Project. The RAA noted that RWSS materials were issued to Chiwogs as and when required and the materials were stacked near Gewog Office exposing it to the risk of theft/loss and deterioration. *(AIN: OAAGSJ-2022-515; Obs. No. 18)*
31. The Jigme Namgyel Engineering College (JNEC), Deothang, Samdrupjongkhar had made inadmissible payment of TADA amounting to 0.288 million. The RAA



- noted that the travel claim dates and the records with the CPMS did not match resulting in the inadmissible payment. *(AIN: OAAGSJ-2023-86; Obs. No. 4)*
32. The Regional Office of Economic Affairs, Samdrupjongkhar had made inadmissible payment of TADA amounting to Nu. 0.111 million. The RAA noted that the travel claim dates and records with the CPMS did not match resulting in inadmissible payment. *(AIN: OAAGSJ-2023-257; Obs. No. 1)*
33. The Regional Office, Department of Surface Transport, Trashigang had made an inadmissible payment of TADA amounting to Nu. 0.200 million. The RAA noted that the travel claim dates and records with the CPMS did not match resulting in inadmissible payment. *(AIN: OAAGSJ-2023-171; Obs. No. 3)*
34. The Thromde Administration, Samdrupjongkhar had incurred wasteful expenditure amounting to Nu. 7.030 million in the construction of internal road. The RAA noted that the work of Water Supply and Sewer Line Project at the same site had led to dismantling some of the internal road works resulting in wasteful expenditure. *(AIN: OAAGSJ-2023-79; Obs. No. 2)*
35. The Koufuku International Diary Corporation, Trashigang had not realized proceeds from credit sales amounting to Nu. 2.017 million. The RAA noted that the lapses occurred due to absence of a credit policy and proper agreement with the clients on the credit sales. The RAA recommended the settlement of dues besides developing a credit policy to regulate credit sales and collections. *(AIN: OAAGSJ-2023-288; Obs. No. 4)*
36. The Dungkhag Administration, Nganglam, Pemagatshel had not paid the compensation of Nu. 6.475 million pertaining to the Old Nganglam Town Local Area Plan. The release of compensation for structures, fruit trees, fodder trees and others, have been pending for more than two years thereby denying the benefits to identified Thram holders. The Dungkhag Administration was recommended to expedite the payment of the compensation and surrender of the balance funds to DPA. *(AIN: OAAGSJ-2022-531; Obs. No. 2.2)*
37. The Dzongkhag Administration, Samdrupjongkhar had not adjusted the advances paid and penalty on termination amounting to Nu. 1.803 million from M/s DNB Construction, Thimphu. The contract for Construction of Irrigation Channel at Samrang Gewog was terminated due to the failure of the contractor for abandoning the site for more than 18 months. The Dzongkhag Administration was recommended to expedite the recovery of the outstanding liability and deposit into ARA. *(AIN: OAAGSJ-2022-511; Obs. No. 18)*
38. The Dungsam Cement Corporation Limited, Nganglam, Pemagatshel had incurred avoidable loss of Nu. 47.27 million due to alteration in the raw mix. The raw mix recommended by the consulting firm was altered in response to inconsistencies in the parameters of the raw materials leading to impact on the

quality of final product and sales. The DCCL was recommended to carefully evaluate and assess the alterations to reduce impact on the quality. *(AIN: OAAGSJ-2023-11; Obs. No. 1)*

39. The Dungsam Cement Corporation Limited, Nganglam, Pemagatshel had shortage of spare parts and consumable items amounting to Nu. 2.225 million. The differences were identified in comparison of the physical stock with the stock inventory. The DCCL was recommended to strengthen its internal controls and processes for inventory management to ensure accurate record-keeping. *(AIN: OAAGSJ-2023-11; Obs. No. 3)*
40. The Dungsam Cement Corporation Limited, Nganglam, Pemagatshel had incurred a loss amounting to Nu. 1.063 million due to acceptance of bid rate below book value. The bids for lifting of used equipment and assets were not evaluated consistently leading to a loss of company revenue. *(AIN: OAAGSJ-2023-11; Obs. No. 7)*
41. The Gewog Administration, Drujeygang, Dagana had incurred cost overrun amounting to Nu. 7.166 million due to excess deployment of labourers in the Reconstruction of Pelrigonpa. The estimated requirement of labour man-days and actual deployment suggested that the payment was 477% above the actual requirement indicating poor monitoring and supervision. The Gewog Administration was recommended to seek approval from competent authority for excess deployment of labourers. *(AIN: OAAGTS-2022-396; Obs. No. 21.3)*
42. The Gewog Administration, Drujeygang, Dagana had made excess procurement of materials amounting to Nu. 4.667 million in the re-construction of Pelrigonpa. The estimated requirements of the materials and actual procurement suggested that materials were procured in excess which pose risk of potential misuse and wastage. The Gewog Administration was recommended to seek approval from competent authority for excess procurement of materials. *(AIN: OAAGTS-2022-396; Obs. No. 21.4)*
43. The Gewog Administration, Drujeygang, Dagana had made excess payment and wrong booking of Nu. 1.223 million to M/s Jamtsho Construction in the Construction of Kitchen-cum-Store and two-unit PF Toilet at Namdrupcholing Lhakhang. The RAA noted that some of the bills were paid from the budget of re-construction of Pelrigonpa. Further, it was noted that actual payment was more than the bill amount. The Gewog Administration was recommended to recover the amount. *(AIN: OAAGTS-2022-396; Obs. No. 21.7)*
44. The Regional Office, Department of Surface Transport, Lobesa had a case of unclaimed Refundable Deposits amounting to Nu. 2.416 million from various contractors and suppliers. The RAA noted that some of the balances pertained to 2014-15 and have remained unclaimed for long period. The Regional Office

- is recommended to expedite the settlement and intimate to the RAA. *(AIN: OAAGTS-2022-428; Obs. No. 1)*
45. The Dzongkhag Administration, Sarpang had made an excess payment of Nu. 1.009 million on account of transportation of construction materials for the RWSS scheme at Khatoed, Jigmecholing under the Water Flagship Program. The Dzongkhag Administration was recommended to recover the amount and deposit into ARA. *(AIN: OAAGTS-2022-452; Obs. No. 2)*
46. The Dzongkhag Administration, Sarpang had not collected royalties, fines and compensation amounting to Nu. 3.626 million from the extraction of GSB materials for various construction activities. The RAA noted that the permits obtained for extraction and the actual use of GSB materials varied in quantity. This variation was not identified during payment for the construction activities, indicating lack of coordination between DFO and Dzongkhag. The RAA recommended for the actual assessment and verification of the GSB materials used and application of the royalty, fines and penalties. *(AIN: OAAGTS-2022-452; Obs. No. 3)*
47. The Dzongkhag Administration, Tsirang had a case of mismatch of fund release as per RP statement and Bank Statement to the tune of Nu. 1.094 million. The RAA noted that the differences were due to transactions in non-revenue accounts. The Dzongkhag Administration was recommended to reconcile the differences. *(AIN: OAAGTS-2022-466; Obs. No. 8)*
48. The Central Regional Referral Hospital, Gelephu had a case of underutilization of funds amounting to Nu. 2.268 million from donation fund. The RAA noted that the CRRH management had not planned the activities properly and identified uses of the fund. The CRRH is recommended to furnish the Fund Utilization Plan to the RAA. *(AIN: OAAGTS-2022-602; Obs. No. 3)*
49. The ORIO Project, Dagana faced a major dilemma for Operation and Maintenance Services of Packages B1, B2 and C1 amounting to Nu. 21.770 million in the Construction of Odalthang-Geserling Secondary National Highway. The contractors had failed to deliver the contractual obligations and are currently under legal proceedings. The recovery of the payments for which contract requirements were not fulfilled are included as part of the case. *(AIN: OAAGTS-2023-61; Obs. No. 2, 3 & 4)*
50. The Department of Air Transport (DoAT), Paro had made an overpayment of Nu. 7.011 million to M/s Penjor Construction in the Re-development and Improvement Works at Paro International Airport. This had occurred due to non-application of price adjustments for items that had deviated beyond 20% as required under the contract. The price adjustment was deemed necessary as the BoQ rates were found to be higher than the prevailing market rates. *(AIN: SCID-2023-43; Obs. No. 1)*

51. The DoAT, Paro had made an overpayment of Nu. 1.426 million to M/s Druk Himalayan Construction Pvt. Ltd. in the Construction of PCC Drain along JJ Peak Road, Dogar Geog. This had occurred due to inadmissible application of 27.99% cost index, incorrect classification of items and short execution of drain works. *(AIN: SCID-2023-43; Obs. No. 2.1, 2.2 & 2.3)*
52. The Secretariat, Dratshang Lhentshog had made payment of Nu. 6.259 million based on photocopied bills in the maintenance works at Kuenga Rabten Lobdra, Trongsa and in meeting various expenses. The lapses had occurred due to a lack controls in verification of the expenditures. *(AIN: GGD-2022-168; Obs. No. 6 & 10.1)*
53. The Secretariat, Dratshang Lhentshog had made a wasteful expenditure of Nu. 3.500 million in the Construction of Retaining Wall at Jaba Yangchen Goenpa, Paro. The RAA found that the major stretch of the retaining wall was washed away during monsoon and failed to meet its intended purpose. *(AIN: GGD-2022-168; Obs. No.11)*
54. The JDWNRH, Thimphu had made an overpayment of Nu. 2.673 million to M/s. Ugyen Tshenden Construction Pvt. Ltd. in the Construction of G+4 Bio-Medical Maintenance and Procurement Office. The overpayment occurred due to release of Running Account bills without deducting rebate. *(AIN: SCID-2023-92; Obs. No. 4.1)*
55. The Department of Revenue and Customs (DRC), MoF had a case of failure in the Development of Bhutan Integrated Taxation System (BITS) for Goods and Service Tax (GST). The Department had incurred expenditure of Nu. 119.111 million in the development of BITS which remains to be completed.

The consultancy work was awarded to Thimphu Tech Park Limited in June 2020 and was subsequently terminated in April 2022 for failure to deliver the system even after several time extensions. The RAA pointed out inadequacies in planning of the project, inadequate assessment of capacity of the consultant and inadequate monitoring and evaluation as some of the reasons for the failure. The Department has not been able to implement GST pending the completion of BITS and the rollout of GST remains deferred indefinitely without any immediate plans to expedite the completion of BITS.

As a part of exercising prudence in spending public resources as one of the principles of public financial management, the RAA insisted the government to demand accountability of those responsible for the failure and waste of resources to such a magnitude. The RAA also sought directives from appropriate authorities to expedite the process of completing the BITS to enable implementation of GST and realize its intended objectives and goals without further delays. *(AIN: GGD-2022-444; Obs. No. 1)*

56. The Dzongkhag Administration, Thimphu including Dungkhag Administration, Lingzhi and Gewog Administrations, Lingzhi and Soe had not settled the unclaimed amount of Nu. 1.194 million held in refundable deposit accounts since FY 2018-19. The budgetary agencies were required to settle such account balances through a notification issued by the Ministry of Finance. *(AIN: GGD-2022-464; Obs. No. 1.1)*
57. The Dzongkhag Administration, Thimphu had a case of underutilization of infrastructure constructed at the cost of Nu. 44.211 million under the Community Based Sangay Shamu Agro-Ecotourism (CBSSA) Project at Geney Zam to promote local tourism and economic growth. The infrastructure included homestays, restaurants, and cultural spaces aimed at generating income for the community. The RAA found that the facilities remained unutilized for over a year and failing to achieve the intended purpose. *(AIN: GGD-2022-464; Obs. No. 14)*
58. The Department of Culture and Dzongkha Development had made an excess payment of Nu. 3.346 million in the acquisition of properties at Taba from a private individual. This had occurred due to inaccurate measurements during valuation by the committee. *(AIN: GGD-2022-589; Obs. No. 1.2)*
59. The Centenary Farmer's Market had not a case of non-functional Ride on Scrubber Cleaning Machine due to missing spare parts like squeegee, brushes, and battery. This situation had persisted since 2019, hindered by the Covid-19 pandemic's impact on spare part procurement. Further, a review of machine usage revealed that it had operated for only 362 hours from September 17, 2014. Thus, the expenditure incurred did not provide value for money. *(AIN: RTICD-2023- 261; Obs. No. 2.2)*
60. The Cabinet Secretariat had made an excess payment of subsidy amounting to Nu. 10.123 million to M/s Samden Vehicle Pvt. Ltd, Thimphu in the procurement of Electric Vehicles under Bhutan Sustainable Low Emission Urban Transport System Project. The RAA noted that the Secretariat had released USD 0.150 million instead of the applicable amount of Nu. 1.501 million. While the amount was recouped, the RAA pointed out deficiencies in the controls. *(AIN: GGD-2022-591; Obs. No. 1)*
61. The Royal Bhutan Police (RBP) had made an excess payment of Nu. 1.277 million to M/s. Gyekden Builders Pvt. Ltd., Thimphu in the Construction of 20 Units of Semi-Permanent Quarters at Chamgang. The excess payment had occurred due to an incorrect computation of price adjustment. *(AIN: GGD-2023-116; Obs. No. 2)*
62. The Drugyal Dzong Conservation Project had not disposed the stock of unused stone boulder worth Nu. 13.127 million calculated based on the average

wastage of 38.09%. The RAA pointed that the wastage was a result of inferior quality and inappropriate size of the boulders. The RAA recommended for disposal of the unused boulders to salvage its value. **(AIN: GGD-2023-46; Obs. No. 1)**

63. The Dratshang Lhentshog had made an excess payment of Nu. 1.055 million in the Construction of Drupdey at Zhabjaythang which was entrusted to a Working Committee through a Community Contracting Protocol. The lapses had occurred due to less execution of work at site. **(AIN: GGD-2023-50; Obs. No. 3.1)**
64. The National Pension and Provident Fund (NPPF) had a discrepancy of Nu. 2.795 million between audited financial statements and the Pension and Provident Fund Division's Premia System balance. This had affected the reliability and accuracy of net members' contribution in the financial statement as on June 30, 2022. NPPF was asked to initiate reconciliation of the differences. **(AIN: COAD-2023-4; Obs. No. 1)**
65. The National Cottage & Small Industries Development Bank Limited had unreconciled bank balances against BDBL, BNB and BOB as of December 31, 2022. These balances hold considerable importance as they involve clients who have made payments for their loan EMIs. The bank had failed to reconcile the balances due to insufficient data on deposits and transfers, preventing proper crediting of the accounts of the respective clients. The bank was asked to promptly address these disparities and provide the reconciled statements to the RAA for further review. **(AIN: COAD-2023-172; Obs. No. 1)**
66. The Construction Development Corporation Limited (CDCL) had an unreconciled difference in the figures of trade receivables amounting to Nu. 105.329 million between the trade receivables as per the ledger and the system-generated report. The party-wise receivable reports, aging report, and total figures of ERP system were also found to be inaccurate. CDCL was recommended for reconciliation and rectification of discrepancies of the information. **(AIN: COAD-2023-186; Obs. No. 3)**
67. The Dungsam Polymers Limited (DPL) had not maintained proper documentation to explain cost components in the inventory valuation. The value of Finished Goods recorded in SAP as on December 31, 2022 was Nu. 3.021 million when the Net Realizable Value of Finished Goods was Nu.1.307 million. DPL was asked to cross check the issue in the system and arrange rectification from the SAP service provider to streamline the entire inventory valuation process. **(AIN: COAD-2023-188; Obs. No. 1)**
68. The STCBL had unreconciled figure of TDS amounting to Nu. 0.568 million between the figures in the Ledger and the RAMIS report. The discrepancy had resulted in the absence of periodic reconciliations of the accounts. This had



impact of inflating the advance tax under current assets, preventing credit and overstating balances. The STCBL was asked to promptly address the discrepancies. **(AIN: COAD-2023-200; Obs. No. 1)**

69. The STCBL had unidentified deposits of Nu. 67.191 million as at December 31, 2022. The unidentified deposit amount remained booked under debtor's suspense, not offset against trade receivables due to inadequate information. The lapse had occurred due to not carrying out periodic bank reconciliation, customer communication, and corrective actions in the process of collections. The Corporation was recommended to enhance the identification process in realizing the revenues. **(AIN: COAD-2023-200; Obs. No. 3)**
70. The Kuensel Corporation Limited (KCL) had unadjusted liabilities in the books of accounts amounting to Nu. 4.487 as of December 31, 2021. The Corporation was asked to expedite the adjustment/settlement and update the books of accounts. **(AIN: COAD-2022-285; Obs. No. 3)**
71. The Druk Green Corporation Limited (DGPCL) had long overdue advances aggregating to Nu. 0.809 million lying against BHEL. The advance was paid between the year 2002 to 2007, which related to advances paid to KHP. DGPCL was recommended to expedite the recovery/adjustments of the overdue advances at the earliest. **(AIN: COAD-2022-270; Obs. No. 1)**
72. The PHEP-I had not received materials supplies worth Nu. 129.852 million at different E&M Package sites as per the contract terms. In some cases, RAA found that 80 percent of the Ex-Work value was released based on Material Dispatch Clearance Certificates. The PHEP-I was recommended for revisit of payments made with respect to value of balance materials to be supplied and factual position intimated. **(AIN: RTICD-2023-237; Obs. No. 5)**
73. The PHEP-I had signed Contract Agreement with Bhutan Automation & Engineering Limited for design engineering, manufacture, supply, erection, testing and commissioning of the complete computerized control system and protection system of 1200 MW PHEP-I even before finalizing the decision on the dam or the barrage. The RAA noted that the signing of contract agreement and releasing of Nu. 99.04 million for the above works to Bhutan Automation & Engineering Limited was not proper as the decision is yet to be taken on the option of dam or barrage. **(AIN: RTICD-2023-237; Obs. No. 6)**
74. The PHEP-I had awarded the Contract package MEM-7B to M/s Technico (India) Private Ltd, India for the supply and installation of a fire detection and protection system for underground power house at the cost of Nu. 88.71 million. The delivery of all the equipment at site was to be completed by August 2020 and commissioning of Fire Detection and Protection System and associated equipment was to be completed by January 2021. The RAA noted that the contractor had not mobilized manpower for two years, even though

the contract called for completion by January 2021. The PHEP-I, despite sufficient scope for recovery of the LD amount of Nu. 8.87 million had never pursued for recovery from the bills. Further, the RAA also noted that the Material Receipts Certificate were issued and payment was released to the contractor, without verifying the actual items as to conform to the technical specifications of the contract. *(AIN: RTICD-2023-237; Obs. No. 7)*

75. The PHEP-I had continued the work of construction of Intake Structures until September 2021 despite halting Dam construction works in June 2020 due to geological issues. PHEP-I accordingly had incurred expenditure of Nu. 240.82 million for Intake Structure. The RAA found that the indecision of the Project Authority to instruct Larsen & Turbo to halt Intake Structure works had resulted in additional cost which was not in the interest of the project. *(AIN: RTICD-2023-237; Obs. No. 8)*
76. The Construction Development Corporation Limited (CDCL) had trade receivables of Nu. 203.285 million as of December 31, 2022. Of Nu. 203.285 million, Nu. 42.512 million pertained to previous years and Nu. 160.773 million pertained to the year 2022. CDCL was recommended to expedite the recovery to improve its working capital. *(AIN: COAD-2023-186; Obs. No. 5)*
77. The Natural Resource Development Corporation Limited (NRDCL) had cases of old outstanding debtors involving Nu. 8.219 million which had remained outstanding against various agencies/individuals for more than 500 days as at 31st December 2021. NRDCL was recommended to enhance the follow-up and recovery processes to safeguard from becoming irrecoverable. *(AIN: COAD-2022-292; Obs. No. 1)*
78. The National Housing Development Corporation Limited (NHDCL) had outstanding trade receivables of Nu. 16.446 million as of December 31, 2022. Of Nu. 16.446 million, Nu. 2.428 million pertained to previous years and Nu. 14.018 million pertained to the year 2022. NHDCL was recommended to enhance the follow-up and recovery processes to safeguard from becoming irrecoverable. *(AIN: COAD-2023-240; Obs. No. 2)*
79. The Farm Machinery Corporation Limited, Paro had receivables of Nu. 1.194 million as of December 31, 2021 which pertained to 2020. The RAA also noted absence of Credit Policy in place for regulating the credit sales/services. FMCL was asked to enhance the follow-up and recovery of receivables besides coming up with a proper Credit Policy. *(AIN: COAD-2022-311; Obs. No. 1)*
80. The Zhung Dratshang, Dratshang Lhentshog had made payment of Nu. 3.258 million without adequate supporting documents for the work of printing and publication of various religious texts/scriptures. The RAA noted that the payment was made based on the hand receipt submitted by Sungrab Gupoen even though the actual printing was directly awarded to private printing

houses. Further, it was noted that the payment was made without supply order, bills, cash memos and acknowledgement receipt. The Secretariat was recommended to initiate administrative actions against the individuals for approving the payments without proper supporting documents and verifying the actual delivery of goods. *(AIN: GGD-2023-121; Obs. No. 7.1)*

81. The Zhung Dratshang, Dratshang Lhentshog had made an excess payment of Nu. 0.750 million in the Maintenance of Sungrab Office, Zhung Dratshang executed by working committee of Zhung Dratshang. This had occurred due to the short execution of various items of work. The Zhung Dratshang was recommended to recover the excess amount and deposit it into the ARA. *(AIN: GGD-2023-121; Obs. No. 1.1)*
82. The Department of Engineering Services (DES), MoWHS had made overpayment of Nu. 2.146 million to M/s Progressive Research and Consultancy Service (PRCS), Thimphu for the consultancy services provided for Urban Infrastructure Project (BHU 2816). The overpayment occurred due to mismatch between mandays paid for and the actual input recorded in the timesheet. The DES was recommended to recover the amount and deposit into ARA. *(AIN: SCID-2022-417; Obs. No. 1)*
83. The Department of Roads (DoR), MoWHS had booked expenditure of Nu. 1.250 million and retained under the closed work account during the FY 2021-2022. The amount booked under the closed work account pertained to procurement of Distometer in the Office. The DoR had retendered the procurement, as the initial supplier had failed to supply. It was noted that even the new supplier had not supplied the equipment within the financial year. The amount was retained under the closed work account to avoid lapse of balance budget at the end of the FY. *(AIN: SCID-2023-68; Obs. No. 2)*
84. The Bhutan Narcotic Control Authority (BNCA) had made payment of Nu. 0.226 million without supporting documents on account of monthly rental charges and utility bills during the nationwide lockdown. The lapses had occurred due to a lack of proper supervisory control, and adequate checks and balances in the system in maintaining proper documentation and records. The BNCA was recommended to produce supporting documents for review failing which recovery of the equivalent amount to be initiated. *(AIN: SCID-2022-493; Obs. No. 1)*
85. The Mangdechhu Hydropower Plant (MHP), Trongsa had a case of significant excess procurement of 10mm Chequered plate and ISMB, NPB 300 X 150 mm and ISMB, NPB 300 X 150 mm for mezzanine floors at two levels, amounting to Nu. 4.169 million in the Construction of E&M Store. The RAA recommended MHP to hold the engineer accountable for the incorrect estimations, which caused excessive procurement and financial blockages. *(AIN: RTICD-2023-259; Obs. No. 1.1)*

86. The National Credit Guarantee Scheme Fund (NCGSF) fell significantly short of its target as of August 31, 2022. The RAA noted that it had only provided guarantees totaling to Nu. 552.21 million, which is just 35% of the targeted Nu. 1,600 million. In terms of supporting businesses, NCGSF approved 212 projects out of the intended 300, achieving approximately 70% of the goal. However, regarding job creation, it fell far short of its target of 10,000 jobs, achieving only around 18% based on two years of operations. The RAA recommended for consideration of appropriate strategic interventions and a complete evaluation of the schemes as to reinforce its strategies to attain the targets. *(AIN: COAD-2023-273; Obs. No. 1 a, b & c)*
87. The Construction Development Corporation Limited (CDCL) had a case where the PIU had failed to take over the prefab structures and equipment worth Nu. 66.392 million from the contractor in the Phuentsholing Township Development Project (PTDP). The RAA found that the contractor, instead of handing over these structures and equipment to the project, had sold these structures and equipment to another contractor M/s Rigsar Construction Pvt. Ltd (CW-02 contractor) for Nu. 10.407 million. The PIU, PTDP was recommended to exercise prudence and ensure proper safeguards in such circumstances besides accounting the value of salvaged properties into project account. *(AIN: COAD-2023-48; Obs. No. 4)*
88. The Cabinet Secretariat had adjusted Nu. 4.000 million against the then Opposition Leader Dr. Pema Gyamtsho on account of the establishment of Wobthang Organic Farm, Bumthang initiated in 2020. However, the Royal Audit Authority (RAA) identified numerous deficiencies in the project's conceptualization and operation. These shortcomings encompassed the absence of operational guidelines, lack of performance measures, absence of sustainability planning, unclear ownership, absence of specified rules on the eligibility of the government grant, no oversight and monitoring mechanisms, unclear staff salary, and labor payment records. Above all, total absence of government agency accountability for the government fund. These issues raised transparency and effectiveness concerns, hindering the assessment of the project's value for money. *(AIN: GGD-2022-569; Obs. No. 3)*

### 3.3.2 Agencies with Cases of Shortfall, Lapses and Deficiencies

**Table 3. Top ten agencies with cases of Shortfall, Lapses and Deficiencies with corresponding amounts:**

Sl. No.	Name of Agency	Amount (Nu. In Million)
1	Druk Holding & Investments	145.87
2	Punatshangchu Hydroelectric Project (PHEP)-II	133.95
3	Dzongkhag Administration, Samtse	44.03
4	Thromde Administration, Gelephu (Including CD & Revenue)	19.82
5	Kholongchhu Hydro Energy Limited, Trashiyangtse	18.98
6	Dzongkhag Administration, Zhemgang	18.98
7	General Hospital, Phuentsholing	14.05
8	Drukgyal Dzong Conservation Project, Department of Culture, MoHCA	13.13
9	Phuntsholing Township Development Project	10.41
10	Dzongkhag Administration, Lhuentse	9.94

#### 4. PERFORMANCE AUDIT REPORTS

During the FY 2022-23, the RAA issued three performance audit reports namely; Performance Audit Reports on Irrigation Systems, Cyber Security and Operations and Management of Thimphu Thromde. The two Performance Audit Reports on Irrigation Systems and Cyber Security were tabled during the 8<sup>th</sup> and 9<sup>th</sup> Session of the Third Parliament respectively and are available on the RAA website. The Performance Audit on Operations and Management of Thimphu Thromde was issued on 17 April 2023. The audit was carried out covering the FY 2018-2020 with the following objectives:

1. To assess the efficiency and effectiveness in the management systems and processes in the operation of Thimphu Thromde; and
2. To assess the efficiency and effectiveness in providing services to Thromde residents.

The summary of significant findings is as below:

1. The recruitment of employees was not regulated as per the 12<sup>th</sup> FYP staffing strength and the transfer of employees were not effected based on criteria for transfer. There were also inadequacies in monitoring and supervision of attendance of field employees;
2. The RAA noted inadequacies in budgeting and financial management including revenue management systems undermining sustainability, prudence and efficiency. Cases of misuse of revenue amounting to Nu. 7.99 million were observed besides delays in deposits of revenue attracting a penalty of Nu. 5.36 million;
3. The Revenue Management System of Thromde lacked appropriate controls resulting in inconsistent data like incomplete tax payers database, inconsistent land records, tax obligations and actual collections etc. undermining the integrity of the system;
4. There were instances of non-compliances to the directives of the Ministry of Finance in regulating the acquisition of vehicles and inadequacies in the controls in management of the fleet of pool vehicles;
5. The RAA observed non-enforcement of the Workforce Rules and Regulations 2020, inadequacies in planning and monitoring of overtime work and payments and some shortcomings in complying to occupational safety requirements;
6. Service delivery of the Thromde were found to be affected due to inadequacies in monitoring and evaluation, coordination between relevant divisions and



sections and customer care and complaints redressal system. RAA's review of some of the services delivered showed opportunities for improvement in terms of meeting prescribed TATs;

7. Thromde has not been able to address substantial non-revenue water entailing a huge revenue loss of about 14.09 million based on the current production capacity. Lack of comprehensive data on households, standardized water pipeline, unregulated water tapping sources etc. pose challenge to efficient water management and revenue collection;
8. In managing the waste, the RAA noted issues of exhausted capacity of current landfill sites, unscientific waste disposal practices, lack of infrastructure and diffusion of responsibility in managing the waste;
9. There were instances of short collection of revenues in the form of concessionary fees from the two Multi-level Car Parking and outstanding revenues receivable from the parties; and
10. The RAA noted inadequacies in planning and prioritization of infrastructure development impacting the delivery of services and issues of quality of the infrastructures developed.

Based on the aforementioned audit findings, the RAA provided thirteen recommendations to initiate corrective actions as follows:

- Thimphu Thromde should Strengthen its Human Resource Development and Management;
- Thimphu Thromde should improve internal control systems in managing its revenues;
- Thromde should ensure reconciliations of differences of revenues and receipts as reflected under specific Observations;
- Thromde should restitute the total amount of Nu. 45.08 million on account revenue loss due to misuse, the penalty for the late deposit, outstanding concessionaire fee, and outstanding revenue;
- Thromde should improve its service delivery through clear SOPs and TATs;
- Thimphu Thromde should work towards reducing Non-Revenue Water;
- Thimphu Thromde should maintain a comprehensive inventory of sewerage connections of buildings and houses;

- Infrastructure Development and Maintenance Services must be strengthened with robust monitoring and supervision in place;
- Waste Management in/by Thimphu Thromde needs to be strengthened in collaboration with the Waste Management Authorities and Private Waste Management Firms;
- Strict enforcement of rules and regulations must be ensured by Thimphu Thromde on illegal structures and illegal encroachment of State land;
- IT systems need to be integrated and ensure proper controls to enhance data integrity and consistency besides cleaning the data in the systems;
- Thimphu Thromde should improve the on-street and off-street vehicle parking regulation and management; and
- Thimphu Thromde should institute controls for managing its vehicles.

## 5. CONCLUSION

The RAA had issued unmodified (clean) opinion on the Annual Financial Statement of the Royal Government of Bhutan for the FY 2022-2023. Starting from FY 2022-23, the AFS was prepared based on IPSAS Cash Basis and accordingly, the RAA certified the AFS using the standards and principles applicable.

The construction and procurement continue to be vulnerable areas for irregularities and lapses. The issues reported are recurrence of same lapses and irregularities indicating a persistent issue or weakness in internal controls, processes and procedures in the operations of the audited agencies. It suggests that the agencies are yet to effectively remedy the deficiencies. Unless the agencies address the underlying causes and take corrective actions, lapses and irregularities are bound to recur.

The RAA in a bid to reinforce culture of accountability in the public sector, had reinforced its strategies of seeking actions on audit issues raised in its report. To that effect, two public notifications were issued on 7<sup>th</sup> October 2021 and 21<sup>st</sup> July 2022, persuading those charged with public responsibilities to foster culture of financial propriety, performance and compliance in the performance of the jobs. Any unexplained deviations that are included in the audit reports demand actions of individuals/agencies for restitutions, sanctions and corrections. The RAA has been persistent in seeking those actions for each of the irregularities reported and constantly conducts follow-ups to ensure that agencies/individuals address the audit recommendations. The RAA earnestly believes that promoting good governance is a collective effort and to a large extent, depends on cooperation of the public agencies and individuals in supporting RAA's strategies in terms of positively responding to the audit recommendations. During the year, 194 agencies were yet to take actions for restitutions and corrective actions while 44 agencies were yet to take actions on sanctions. Additionally, the implementation of Financial and Compliance Audits Recommendations stood at 50% and 41% of the Performance Audit Recommendations were implemented.

Based on the nature of issues and its possible causes, the RAA developed a total of seven recommendations aimed at better governance. The agencies and authorities should be obliged to act upon each of these recommendations as applicable to ensure that deficiencies identified are remedied and performance of agencies are improved. Further, with reinforcement of strategies to enhance accountability through persistent efforts and rigorous follow up mechanisms to demand actions for treatment, sanctions and correction, the RAA expects to add impetus to improve the overall governance in the public sector.

## **6. RECOMMENDATIONS**

### **1. Need to expedite the enforcement of court verdicts on audit irregularities prosecuted by the respective agencies in the court of law.**

When audit findings become a contention for the agencies and individuals, these are usually settled through court. Overtime, many audit issues have resulted in the settlement through the court. However, there are significant number of cases which are pending settlement even after the court verdicts are passed. This is due to inaction of relevant agencies in initiating enforcement of the court verdicts.

As on 30th September 2023, there were 64 cases awaiting enforcement. The deferment of enforcement of verdicts provides opportunity to evade accountability and escape consequences of the actions of individuals. Further, there is a diffusion of responsibility amongst relevant agencies in initiating enforcement of court verdicts pertaining to audit irregularities referred to adjudication. Hence, it results in piling up of unresolved issues awaiting settlement.

Therefore, there is a need to expedite the enforcement of court verdicts on the audit irregularities prosecuted by the respective agencies to uphold the rule of law and dispense justice.

### **2. Need to reinforce controls in regulating traveling and daily subsistence allowance**

During the year, the RAA made substantial recoveries due to inadmissible claims of travelling and daily subsistence allowances made by the officials across most agencies. The issues of inadmissible claims surfaced on corroboration of travel information of officials maintained in the Check Post Management System (CPMS). The corroboration of information was resorted to as an additional audit procedure. Such issues of potentially fraudulent or inappropriate travel claims would not be detected if RAA confined its review to mere documents made available by the agencies. Those documents invariably appear to be proper and in order as attested by the approving authorities. The detection of such claims indicated the culture of rationalizing claims made in deviation from the extant norms and entitlements, which drain out public resources.

In order to address the issue of irregular travel claims, the heads of agencies on whom the responsibility of exercising prudence is placed in regulating claims, should reinforce control measures to improve detection, deterrence, and prevention and be tasked to ensure a culture of compliance and accountability within respective agencies.

### **3. Need for an enhanced collaboration and coordination between Forestry Sector and executing agencies for collection of royalties on extraction and utilization of boulders in the construction of roads**

The RAA noted instances of under-collection of royalty across Dzongkhags on the extraction and use of boulders for laying Granular Sub Base (GSB) in the construction of roads. The existing modality of paying royalty is based on the declared quantity of boulder extraction by the contractors involved in the constructions, which are often understated. There is no formalized system of coordination in the collection of royalty between the executing agencies especially the Dzongkhags and Gewogs, and the Divisional Forest Offices to regulate the collection of royalties based on the actual quantity of boulders extracted. As a result, the government loses substantial amount of revenues.

In order to ensure that the correct amount of royalties is collected based on the actual quantity of natural resources extracted, there is a need for collaboration of executing agencies and the forest offices in the Dzongkhags. The information shared would enable agencies to keep tab on actual quantity extracted/used based on which royalty collection can be regulated.

### **4. Need to review the practices of assigning deposit works to line agencies and identifying spillover activities during budget preparation.**

RAA noted persistent issues arising from deposit works and spillover activities executed by the budgetary agencies. The Ministry of Finance needs to undertake specific review of the current practices and initiate improvements as discussed below:

- 4.1 The RAA noted that when unplanned and adhoc works are entrusted during the year, the executing agencies face disruption in the implementation of the planned works. When works cannot be completed due to competing priorities as well as constrained resources, such works are deferred beyond the Financial Year and the agencies invariably resort to booking the expenditure under Closed Work Accounts. This constitutes violation to Finance and Accounting norms, which are common issues across the executing agencies. Further, it poses risk of compromising the quality of both the planned and unplanned works. Thus, in order to ensure efficient allocation of resources and proper execution of works there is need to limit unplanned deposit works to the executing agencies.
- 4.2 The RAA observed tendencies among the budgetary bodies to limit the number of spillover activities at the time of preparing the budget for the new financial year. Even if the agencies were aware that the activities would not be completed within the current financial year, those activities were not identified as spillover works for fear of negative impact on their

budget in the subsequent year. Most of such works were invariably booked under the Closed Works Accounts, and shown as completed by booking the final payments. Such practice not only tantamount to fraudulent practices and violation of accounting norms but also poses challenges of ensuring accountability for quality, completion and settlement of claims related to these works. Therefore, in order to curtail the abuse of “Closed Work” provision and ensure correct reporting of expenditure and proper trail of expenditure and outcome, there is a need for the Ministry of Finance to review the current arrangement of identifying spillover activities based on progress of the activities.

## **5. Need for improved governance in the project management specifically through a robust monitoring and evaluation system**

Having in place a robust Monitoring and Evaluation System is quintessential for every government investment projects for effective project management, transparency and accountability and achieving intended outcomes and impact commensurate with the value of investment made. The RAA noted instances where project deliverables were not achieved despite the huge investments made and were even at the risk of losing trail of public spending.

The development of Bhutan Integrated Taxation System (BITS) is one example where project outputs were not delivered even after spending substantial public resources. The project lacked a robust M&E system resulting in failure to ensure that the project is on track to realize its objectives. Since the development of BITS could not be completed, the implementation of GST has been deferred indefinitely. The RAA was not able to provide assurance on the expenditure incurred on the project.

In the case of the National Credit Guarantee Scheme (NCGS), the government intended to provide credit guarantee of Nu. 1,600 million to spur economic development and job creation. The Scheme could achieve 35% of the targeted guarantees and only 18% of employment generation during its two years of operations. Based on its importance, the government should have focused on ensuring that the Scheme was on track to achieve envisaged outcomes through continuous monitoring and evaluation.

Thus, in order to enable the government to achieve intended goals and objectives and also ensure efficient utilization of public resources, there is a need for internalizing the practice of robust M&E system and making it a mandatory component in every government project.

## **6. Need to consolidate all CD accounts operated by budgetary agencies**



The Ministry of Finance has taken the initiative of consolidating CD accounts maintained by the budgetary bodies with effect from 31<sup>st</sup> July 2023. Besides, bringing all CD accounts under the umbrella of Government Financial System, the operation of the CD accounts by the budgetary agencies is expected to be streamlined to a great extent with the Standard Operating Procedures issued for implementation. In the face of various inconsistencies in the operation of CD accounts across budgetary agencies, such reform was long awaited for the improvement of the PFMS in the country.

As per the records, only 13 CD Accounts have been consolidated out of 282 CD Accounts operated by the agencies. The consolidations are done based on the discussion with the agencies in the context of legislation and relevant authorities governing the operation of the respective agencies.

In order to realize the reform objectives, the Ministry need to resort to blanket application of this reform without exceptions to bring about improved cash management as well as enhancing transparency in the use of public funds.

## **7. Need for consistent and strict enforcement of entitlement of designated vehicles as per Pay Revision Act 2023**

The Pay Revision Act 2023 prescribes entitlements of designated vehicles based on the positions held by civil and public servants, including specifications of engine capacity for each level. Rather than the law, it is the enforcement that matters. The RAA noted various inconsistencies in the process of allotting vehicles to officials raising concerns on adherence to entitlements of the Act. Everybody knows that across the government, this law has not been enforced strictly and yet nobody is held accountable for this. Privileges of vehicle entitlement are extended to those not entitled (PMC and Specialists) while some of those entitled were not granted the rightful entitlement.

These issues primarily emanate from the absence of standard procedures for allotment and laxity on the part of the head of the agencies and the Government as a whole in enforcing the entitlements. There is an apparent absence of controls leading to distortion of parity, incorrect allotments and misuse.

Further, with the recent initiative of the Royal Government to promote use of electric vehicles in government offices, the issue of allotment is further exacerbated in the absence of standard allotment procedures. Electric cars were provided in addition to designated vehicles and there is no rule on the allotment of electric cars.

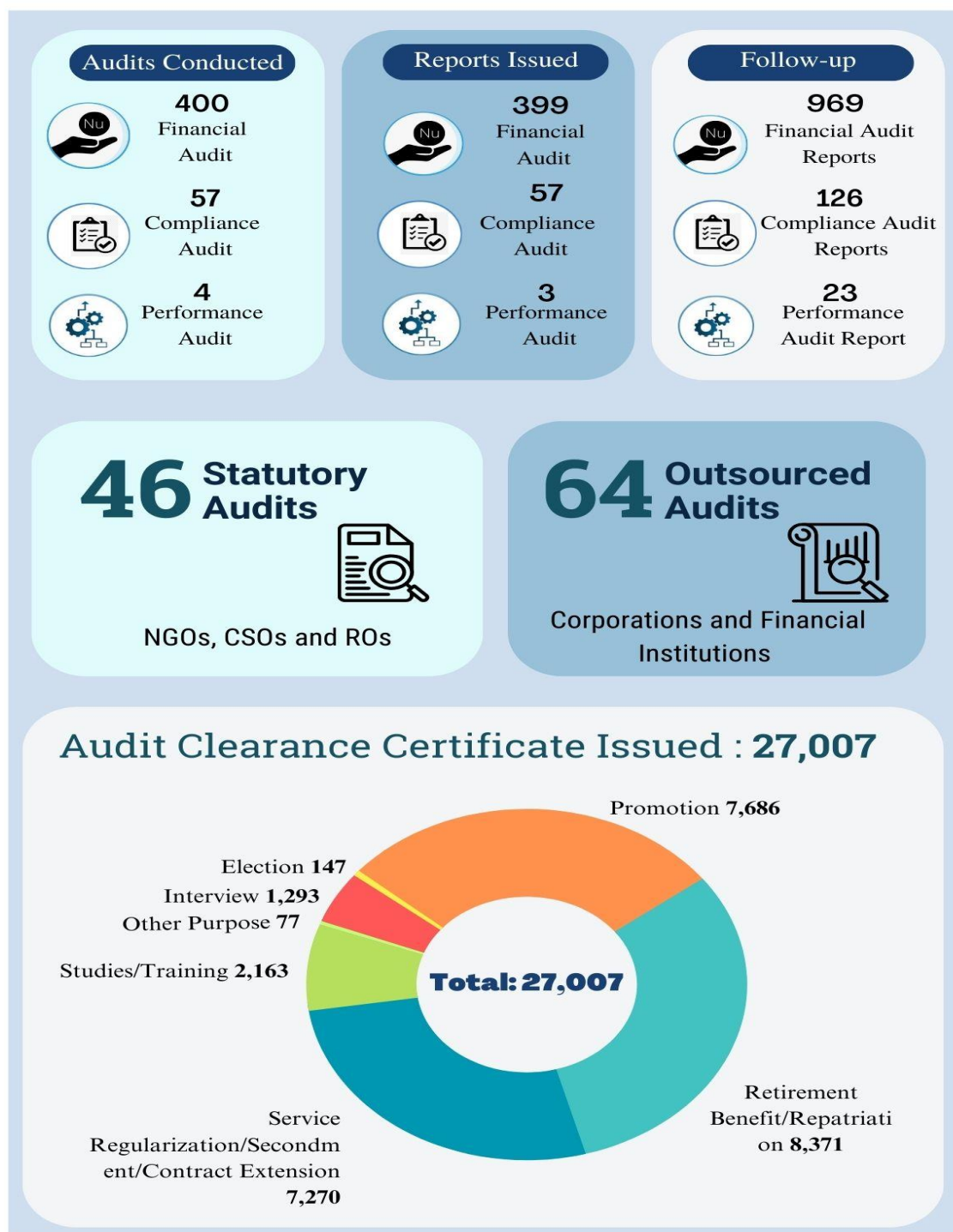
The RAA also noted that there is no designated authority entrusted with the responsibility of authorizing allotments of vehicles including electric cars unlike in

the case of the pool vehicles for which the designated authority is the Ministry of Finance as per the Property Management Manual.

Thus, it is imperative that the designated vehicle rules are strictly enforced as per the entitlements specified in the Pay Revision Act 2023 through a standard allotment process and identify a designated authority to uphold the principles of compliance, equity and efficiency within the government agencies. Besides, there is also a need to have proper rules on the entitlement, allotment and use of electric cars.

## 7. ABOUT ROYAL AUDIT AUTHORITY

### 7.1. Performance Highlight for the FY 2021-2022



## Institutional Linkages

### National The Parliament 9<sup>th</sup> Session (Third Parliament)

#### Submission

1. Performance Audit Report on Preparedness for Cyber Security

#### Deliberation

1. Annual Audit Report 2021-2022
2. Follow-up Review Report of AARs 2010-2020 and AAR 2020-2021

### 8<sup>th</sup> Session (Third Parliament)

#### Submission

1. Annual Audit Report 2021-2022
2. Performance Audit Report on Irrigation System

#### Deliberation

1. Performance Audit Report on Farm Road Development and Management
2. PA on Safe and Sustainable Road Transport System

## Anti Corruption Commission



10<sup>th</sup> and 11<sup>th</sup> Bilateral Meeting  
(11/28/22) and (5/31/23)

### Ministry of Finance

Consultative Meeting  
(9<sup>th</sup> August 2022)



### Tripartite Meeting (09-10 March 2023)

Anti-Corruption Commission  
(ACC)

Royal Audit Authority  
(RAA)

Office of Attorney General  
(OAG)



## Institutional Governance

### Internal Audit Conducted

### External Audit Conducted

Dechok & Association Pvt.  
Limited

## HR Management and Development



14

In-house  
Training

20

Meetings/ Seminars/  
Webinars attended  
(INTOSAI, ASOSAI,  
IDI)



4



Facilitated trainings/  
workshops

## Annual Budget and Expenditure



Total Budget  
**Nu.234.078**  
million

Expenditure  
**Nu. 232.631**



Achievement  
**99.38%**

## 7.2. Audit Impact in FY 2022-2023

The RAA is dedicated to delivering value and benefits to citizens through rigorous auditing and reporting efforts, aligned with INTOSAI P-12. A key strategic goal in our 2020-25 Plan is "Improved public sector accountability and performance," highlighting our commitment to driving positive changes.

Our audits play a crucial role in ensuring accurate financial statements, promoting transparency, enhancing compliance, and improving public sector performance, which ultimately lead to better governance, accountability, and service delivery. Achieving these outcomes requires collaboration with diverse stakeholders, including audited entities, to implement audit recommendations effectively.

Our impact extends well beyond financial recoveries and encompasses a range of positive changes, including policy shifts, strengthened institutional systems, substantial cost savings, operational improvements, and enhanced accountability. While the full extent of our long-term impact will become more apparent over time, we have already achieved significant strides, such as government cost savings and the promotion of accountability and ethics within the public sector.

As we move forward, our commitment remains unwavering, and we pledge to uphold the highest standards of auditing while actively contributing to a transparent and accountable public sector. We seek collaboration from audited entities to implement audit recommendations, envisioning lasting transformation and trust in our nation's governance. Together, we are forging a future where ownership and accountability become intrinsic, benefiting our cherished citizens and aligning with His Majesty's vision for a *Developed Bhutan*.

This section highlights tangible outcomes achieved during FY 2022-2023, serving as a testament to our dedication to transparency, accountability, and governance excellence which is corroborated by our survey which was administered to all our audited entities. These audit impacts exemplify our role as a catalyst in creating a better environment for our citizens and providing value and benefits to the nation.







# AUDIT IMPACT 2022-2023



## 400

Accounts audited and certified

Auditing leads to Public Confidence & Trust in Government fostering a stable & thriving democracy.



## 202 million

Audit Recoveries

Ensuring Financial Integrity

## 95%

Action Taken on Works Completed

Ensuring functionality and the completion of 23 unfinished construction projects

## 73

Works rectified



Ensuring quality and sustainability in construction projects

## 271

Officials faced Administrative Actions

RAA champions the cause of Public Accountability

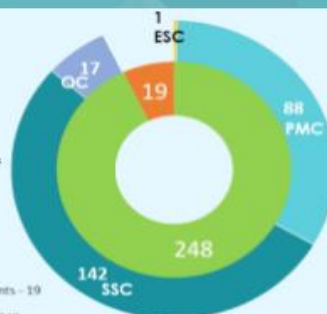


Dissuading officials from engaging in illegal and unethical conduct



Administrative Actions Taken: Categorized by civil servants (248) and non-civil servants (19).

Civil servants are further broken down into Executives and Specialists (ESC - 1), Professional and Management (PMC - 88), Supervisory and support (SSC - 142), and Operational (OC - 17)



Non-Civil Servants - 19  
Civil Servants - 248

RAA influences Strategic Directions



National CSI Bank Merger with BDBL

Initiating the Implementation of the Third Internet Gateway



Revision of Community Contracting Protocol 2021

RAA facilitates streamlined processes

Improved documentation in 34 agencies, resulting in 66 instances of enhancement



Enhanced processes in 40 instances across 30 agencies for increased efficiency.

Exercising Prudence: TA/DA review with CPMS resulted into audit recoveries of Nu. 21.6 million



RAA contributes



Enhancing road safety for the public



Making public transport services more reliable and accessible



Housing development

AUDIT



RAA's audits drive positive change by ensuring accurate financial statements, promoting transparency, enhancing compliance, and improving public sector performance, leading to better governance, accountability, and service delivery.





# SURVEY FINDINGS

» We asked our audited entities  
**561 respondents**

Our survey findings corroborate with our audit impacts

**85.2%**

Improved Financial  
Management System

**90.2%**

Improved compliance with  
Rules and Regulations

**76.2%**

New practices and  
procedures were learnt

**83.2%**

Improved Transparency

**86.8%**

Enhanced accountability

**81.6%**

streamlined and improved  
processes

**82.4%**

Helped identify and manage  
potential risks

**71.5%**

Improved service delivery

The survey respondents had the following to say when asked for examples of positive changes due to audit, aligning with our mission to enhance transparency, accountability, and efficiency:

procurement process  
**documentation**  
use of resources  
internal controls  
accountability  
performance  
**compliance**  
pfm system  
enhanced performance

Together, we are forging a future where ownership and accountability become inherent, and the aspirations of His Majesty for a *Developed Bhutan* are attained.



### **7.3. Key Strategies and Interventions Undertaken During the Year**

#### **1. Restructuring Organization Structure**

With the completion of transformation initiative in the RGOB, the RAA also made strides in restructuring its organization. The RAA lifted one department, merged two divisions and aligned its auditing divisions to the government clusters. The accounts of the RAA was centralized from five accounts to one and reduced finance and accounts personnel requirement to three from seven. The restructuring efforts are intended to increase efficiency and effectiveness in audit and assurance services and at reducing the operational cost to the government.

#### **2. Enhanced operations**

The RAA initiated consolidated audits of Dzongkhags & Gewogs and Royal Bhutan Police to improve effective utilization of audit resources and providing holistic assurance without negatively impacting on the quality of audit and assurance services.

The RAA also reduced its audit costs through institution of a dedicated audit planning schedule in the months of January and July. Collective planning and discussion of the challenges faced in implementation of the audit plans are also addressed besides bringing consistency in audit practices and issues raised.

#### **3. Rigorous follow-up and review meetings**

Besides the regular follow-up of the audit issues by the Follow-up and Legal Service Division in the headquarter and follow-up section in the regions, the RAA, led by the Auditor General, conducted rigorous follow-up and review meetings with the agencies on long pending audit issues. It was aimed to resolve these issues, seeking actions on unresolved issues, ensure corrective measures and enhance understandings and reduce mis-conceptions.

#### **4. Capacity Development**

In its efforts to enhance professionalism, knowledge and skills of the auditors, the RAA regularly conducts in-house trainings and participates in external trainings. During the year, the RAA conducted 14 training programs designed and developed in-house to improve audit capacities, practices and reports and trained 233 auditors. There were also two induction programs conducted to new recruits to ease them into the profession of auditing. Besides training on audit procedures and practices, the RAA also regularly conducts trainings on areas of ethics, integrity, code of conduct, etc. These areas are equally important in delivering on the constitutional mandate of

‘auditing and reporting on the economy, efficiency and effectiveness in the use of public resources’ and in maintaining independence and objectivity in auditing. The RAA also participated in two audit trainings delivered by experts from Singapore Consultancy on Financial Audit and IT Audit in the months of June and July 2022 respectively.

## **5. Participation in Sustainable Performance Audit Practices**

The RAA is participating in a project funded by the ADB with technical assistance from the IDI on “Sustainable Audit Practices in Asia and the Pacific”. The project aims to improve performance practices in the region and make them sustainable. Bhutan is one of the six nations participating in the project and Phase-I of the project on identification of gaps and needs has been completed. The Phase II of the project will ensure addressing the gaps identified in Phase I and raise the profile of performance auditing to ensure that the value and benefits of the SAI are reaped to the maximum.

### **7.4. Challenges**

#### **1. High Attrition Rate**

The year 2022-23 saw over 53 personnel resigning from the Royal Audit Authority on a voluntary basis. The attrition rate has seen a dramatic increase over the past few years and 48 of the employees were below the age of 50 years. In total, 64 individuals left the organization representing 21.92% of the workforce. Such a high attrition rate has impacted on the overall coverage of audit functions besides impacting the quality of output as Professional and Management group were the maximum to leave at 25.95% of the total staff within that group.

#### **2. Resources constraints**

The RAA has a severe constraint in resources. The RAA does not have adequate certified accountants, budgets to ensure coverage and international collaborations and meetings. Additionally, the RAA is having difficulties in securing funds for the development of the professional capacities of its staff.

#### **3. Responsibility and Accountability**

Another challenge the RAA is ensuring that agencies and officials take responsibility and accountability for the actions taken. Officials and agencies shy away from taking responsibility and thereby corrective actions are often not prioritized leading numerous instances of irregularities and non-compliances. Moreover, the RAA also faces difficulties in securing information and data to conduct comprehensive and detailed study of the issues facing the agency.

**1. Audit issues remaining unresolved after court verdicts**

As on 30<sup>th</sup> June 2023, 64 cases were pending as unresolved even after the issuance of verdict by the Royal Court of Justice.

**2. Audit Issues forwarded to Anti-Corruption Commission**

In line with Section 34(7) of the Audit Act of Bhutan 2018, the RAA forwarded nine audit reports containing 58 audit findings to the Anti-Corruption Commission that strongly indicated the existence of fraud and corruption during the period.

**3. Issues received from Anti-Corruption Commission**

During the year 2022-23, the RAA also received eight cases from the ACC for verification.

## 8. AUDITED REPORT OF ROYAL AUDIT AUTHORITY

The Financial Statement of the Royal Audit Authority was audited by Dechok and Associates Pvt. Ltd. for the FY 2022-23 empaneled with the RAA. The audit report is reproduced herewith:



Dechok & Associates Private Limited  
Accounting, Auditing and Tax Services  
Thimphu : Bhutan

### AUDITORS' REPORT ON THE ACCOUNTS AND OPERATIONS OF ROYAL AUDIT AUTHORITY FOR THE FINANCIAL YEAR ENDED 30th JUNE 2023.

#### Opinion

We have audited the accompanying financial statements of Royal Audit Authority (RAA) which comprises Receipts and Payments Statement (LC Account No. LC-110.01) and schedules forming part of the financial statements for the year ended 30th June 2023.

In our opinion, the financial statements are prepared, in all material respects, in accordance with the Financial Rules and Regulations 2016 (FRR 2016).

#### Basis for Opinion

We conducted our audit in accordance with International Standards of Supreme Audit Institutions. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of Financial Statement* section of our report. We are independent of the RAA's management, in accordance with the ethical requirements that are relevant to our audit of the financial statements in Bhutan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Information

We have visited the Bumthang RAA Regional Office and conducted the audit of Audit Recoveries Account. We placed reliance on the work of internal audit for other regions not visited by us.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

RAA's management is responsible for preparation and fair presentation of these financial statements in accordance with the FRR 2016 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Those charged with governance are responsible for over seeing the RAA's financial reporting process.






## Auditor's Responsibilities for the audit of the Financial Statements


Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

  
(Yeshe Jamtsho), FCCA  
For Dechok and Associates Pvt. Ltd.  
Dated : 5/10/23  
Place : Thimphu





## ROYAL AUDIT AUTHORITY

## Receipts and Payments Statement

For A/C. No. 110.01/1001-LC

For the Month of JUNE - 2023

No.	Group/Broad Head Of Account	Receipts		Payments		Cumulative Balance (-) Cr, (+) Dr
		For the Month (Nu.)	Annual Progressive (Nu.)	For the Month (Nu.)	Annual Progressive (Nu.)	
1	Opening Balance :					
	a. Cash	31,649.49	0.00			
	b. Bank	15,424,408.55				
2	Releases :					
	a. Budgetary	15,805,500.00	212,532,000.00			
	b. Non-Revenue	202,088.00	4,548,588.00			
	c. Refundable Deposits	0.00	8,906,052.00			
	d. Un-cashed Cheques					
3	Grants in-Kind :	0.00	0.00	0.00	0.00	
4	Borrowings in-Kind :	0.00	0.00	0.00	0.00	
5	Revenue Receipts/Remittances :	901,079.00	6,953,860.00	901,079.00	6,953,860.00	
6	Other Recoveries/Remittances :					
	a. GPF: Employee Contribution	642,013.00	8,288,518.00	642,013.00	8,288,518.00	
	b. Govt. Insurance Scheme	83,700.00	1,064,600.00	83,700.00	1,064,600.00	
	c. Other Insurance Premia	0.00	0.00	0.00	0.00	
	d. Loans from Fin. Instts.	0.00	0.00	0.00	0.00	
	e. Others	34,775.00	441,725.00	34,775.00	441,725.00	
7	Personal Advances :	59,550.00	1,024,654.00	0.00	1,024,654.00	0.00
8	Miscellaneous Receipts/Payments :					
	a. Non-Revenue A/C. Deposits	0.00	0.00	90,504.00	4,548,588.00	
	b. Refundable Deposit A/C. Deposits	0.00	0.00	1,153,005.97	13,268,448.42	



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Printed Date: 15/09/2023

**ROYAL AUDIT AUTHORITY**  
Receipts and Payments Statement  
For A/C. No. 110.01/1001-LC

For the Month of JUNE - 2023

No.	Group/Broad Head Of Account	Receipts		Payments		Cumulative Balance (+) Cr, (-) Dr
		For the Month (Nu.)	Annual Progressive (Nu.)	For the Month (Nu.)	Annual Progressive (Nu.)	
9	c. Payments to DPA	0.00	3,704,760.00	0.00	5,440.00	
	d. Others	0.00	3,704,760.00	0.00	3,704,760.00	
	<b>Suspense :</b>					
	a. Stock	0.00	0.00	0.00	0.00	0.00
	b. Purchases	0.00	0.00	0.00	0.00	0.00
	c. PW Advances	9,693,516.52	24,975,250.24	700,610.00	24,975,250.24	0.00
10	d. Intra-Agency Assignments	0.00	0.00	0.00	0.00	
	e. Deposit Works	80,504.00	4,565,801.00	515,528.56	4,548,588.00	
	f. Other Deposits	1,153,009.97	17,269,287.58	2,647,999.18	12,906,891.16	
	<b>Budgetary Expenditure :</b>					
	a. Current			15,198,980.37	179,220,650.68	
	b. Capital			20,798,878.60	35,674,166.07	
11	c. Lending			0.00	0.00	
	d. Repayment			0.00	0.00	
	<b>Closing Balances :</b>					
	a. Cash			0.00	0.00	
	b. Bank			1,353,716.25	1,353,716.25	
	<b>Grand Total :</b>	<b>44,111,793.93</b>	<b>297,979,855.82</b>	<b>44,111,793.93</b>	<b>297,979,855.82</b>	

Deputy Auditor General  
Department of follow-up & regions  
Royal Audit Authority

Page 2 of 2



(Signature) Chief Finance Officer  
Head of Finance  
Thimphu, Bhutan

## 9. ANNEXURES

### Annexure 1: Table 1. Non-compliance to Laws, Rules & Regulations and Shortfalls, Lapses & Deficiencies by sub-category

Sl. No.	Sub-Category	Amount (Nu. in Million)
1	Other non-compliances to financial/revenue norms	513.418
2	Non-enforcement of contract terms and conditions	488.923
3	Outstanding PW Advance	350.225
4	Award of contract to other than the lowest evaluated bidder	341.517
5	Excess/double payment to suppliers/ contractors/ employee/ individuals	190.480
6	Wasteful/Avoidable expenditure	156.488
7	Other non-compliance to procurement of works, goods & services	104.953
8	Non-incorporation of standards provision in contract documents	81.505
9	Other shortfalls and uneconomical operations	50.838
10	Excess payment due to incorrect rate analysis	45.590
11	Non insuring of works/properties	45.427
12	Non-compliance to laws/ directives/policies/regulations	42.626
13	Outstanding advance	38.855
14	Non/untimely production of documents	31.246
15	Non-reconciliation	24.237
16	Inadmissible payment	21.923
17	Payment for works/goods/services not executed/rendered	19.454
18	Procurement without tender /quotation	17.116
19	Non-levy of Liquidated damages	16.898
20	Non-imposition of penalties	16.325
21	Non execution of works as per drawing and design	15.871
22	Short/non-levy of duties, taxes/royalties/ revenue	14.424
23	Short/delay/non-remittances of levies/taxes/revenue	13.757
24	Improper evaluation of bids	12.937
25	Non/short/accountal of fund/goods	12.935
26	Outstanding duties/taxes/ royalties/revenue/ lease rent	11.978
27	Payments on improper documents/without supporting documents	9.212

28	Non-recovery/levy of penalty upon termination of the contract	8.909
29	Non/wrong booking of expenditure	8.371
30	Non-observance of Procurement Thresholds	8.364
31	Non/improper maintenance of records	7.895
32	Non-surrender/disposal of obsolete/surplus items	7.122
33	Delay/non settlement of claims	6.666
34	Unjustified payment of advance	6.544
35	Irregular dismissal/suspension	6.104
36	Non-deduction others	5.552
37	Non-refund of security deposit	3.825
38	Non-implementation of Planned activities	3.818
39	Non/short/excess deposit of fund	3.664
40	Other irregularities in property management	3.547
41	Uneconomical operations	3.318
42	Underutilization	2.709
43	Unjustified advance	2.429
44	Overdue creditors and other liabilities	2.150
45	Direct booking of advances as expenses	1.962
46	Release of security deposit without obtaining refundable deposit release	1.955
47	Other non-compliance to BCSR/Service Rules	1.758
48	Non- surrender of closed work Account balance to DPA	1.619
49	Acceptance of defective works/goods/services	1.410
50	Diversion of fund	1.178
51	Shortage of assets/properties/supplies	0.898
52	Missing records/documents	0.870
53	Non-deductions of statutory deductions	0.844
54	Non-enforcement of training bond	0.782
55	Acceptance of non-complying bids	0.743
56	Non-renewal of guarantees	0.737
57	Payment of BST to unregistered business entities	0.726
58	Non-return of goods and properties issued to individuals/parties	0.669
59	Non carrying forward of balance fund	0.600
60	Non rectification of defective works	0.511

61	Non/delayed-settlement of tax appeals	0.421
62	Execution of substandard works	0.352
63	Non-forfeiture of security deposit/earnest money	0.345
64	Feasibility study not carried out	0.288
65	Unpaid dues and entitlements	0.285
66	Unjustified additional works	0.273
67	Delay in execution of works/services	0.268
68	Retention of fund for incomplete works	0.190
69	Procurement from unauthorized sources	0.188
70	Improper preparation of estimates	0.112
71	Non-recovery of positive difference upon withdrawal of bid	0.082
72	Split/piecemeal purchases to avoid quotation	0.078
73	Irregularities in negotiated purchase	0.076
74	Unauthorized sub-contracting	0.054
75	Damages/non restoration of public/government property	0.039
76	Irregular release/obtaining of supplementary fund	0.022
77	Wrong pay fixation	0.006
78	Non-carry forward of advances	0.006
79	Irregular sanctions/approvals	0.00
80	Non-refund of unspent balances	0.00
81	Use of materials other than specified	0.00
82	Changes of design and specification without approval	0.00
83	Irregular promotion	0.00
84	Irregular retention of employee	0.00
85	Non-maintenance of properties	0.00
86	Non-achievement of goals and objectives	0.00
87	Increase/decrease in turnover rate	0.00
88	Non-renewal of agreement	0.00
89	Abnormal variations	0.00
	<b>Total</b>	<b>2,800.488</b>

**Annexure II: Table 2. Agencies with cases of Non-compliance to Laws, Rules & Regulations with corresponding amounts**

<b>Sl. No.</b>	<b>Agency</b>	<b>Amount (Nu. in Million)</b>
1	Punatsangchhu Hydroelectric Project, Phase II	885.025
2	Phuntsholing Township Development Project. Implemented by CDCL.	478.824
3	Mangdechhu Hydroelectric Project Authority, Trongsa	327.237
4	Department of Air Transport Authority including revenue account, Paro, MoIC	127.580
5	Secondary Towns Urban Development project (STUDP)	45.327
6	Dzongkhag Administration, Trongsa including Gewogs	37.523
7	Dzongkhag Administration, Trashigang including Gewogs and Dungkhags	32.317
8	Department of Agriculture	30.882
9	Dzongkhag Administration, Samtse including Gewogs and Dungkhags	30.831
10	Dzongkhag Administration, Paro including Gewogs	26.260
11	Dzongkhag Administration, Punakha including Gewogs	24.715
12	Kholongchhu Hydro Energy Limited, Trashiyangtse	22.324
13	Dzongkhag Administration, Zhemgang including Gewogs	19.950
14	Bhutan Postal Corporation Ltd.	16.997
15	Dzongkhag Administration, Trashiyangtse including Gewogs	15.904
16	Dzongkhag Administration, Pemagatshel including Gewogs and Dungkhag	10.200
17	Directorate of Services, MoIC	10.104
18	Dzongkhag Administration, Wangdue Phodrang including Gewogs	7.514
19	Divisional Forest Office, Paro	6.892
20	Dzongkhag Administration, Bumthang including Gewogs	5.560
21	National Land Commission Secretariat	5.490
22	Regional Office, Department of Roads, Trashigang	5.023
23	Jigme Dorji Wangchuck National Referral Hospital	4.912
24	Dzongkhag Administration, Samdrupjongkhar including Gewogs and Dungkhags	4.195
25	Bhutan Telecom Limited	3.840



26	Koupuku International Dairy Corporation, Chenari, Trashigang	3.751
27	Dzongkhag Administration, Dagana including Gewogs Dungkhag	3.471
28	Dzongkhag Administration, Chhukha including Gewogs & Dungkhag	3.176
29	Road Safety and Transport Authority including revenue, MoIC	3.111
30	Dzongkhag Administration, Tsirang including Gewogs	2.751
31	Department of School Education, MoE	2.730
32	Thromde Office, Samdrupjongkhar including CD, Education sector & Revenue	2.470
33	Dzongkhag Administration, Lhuentse including Gewogs	2.010
34	Dzongkhag Administration, Thimphu including Gewogs Dungkhag	1.552
35	Centre for Bhutan & GNH Studies	1.517
36	Bhutan's Third National Communication to UNFCCC	1.500
37	National Handloom Corporation, Khaling	1.467
38	Dzongkhag Administration, Sarpang including Gewogs & Dungkhag	1.440
39	FCBL, Phuentsholing including Regional Offices and depots	1.405
40	Dratshang Lhentshog Secretariat	1.368
41	Gaeddu College of Business Studies	1.264
42	Directorate of Services, MoHCA	1.148
43	International Assistance, MoH	1.124
44	Technical Training Institute, Chumey, Bumthang	1.109
45	Regional Agriculture and Marketing Co-operatives (RAMCO), Mongar	1.029
46	Penden Cement Authority Limited including Depot, Phuentsholing	1.000
47	Drukgyal Dzong Conservation Project, Department of Culture, MoHCA	0.818
48	Jigme Namgyel Engineering College, Deothang	0.769
49	Department of Trade, MoEA	0.737
50	Regional Office, Road Safety and Transport Authority, S/Jongkhar	0.737
51	College of Natural Resources, Lobesa	0.700
52	Rabdeys, Dratshang Lhentshog	0.656
53	Regional Office, Department of Roads, Samdrupjongkhar	0.644
54	Rural Electrification Project, JICA II	0.610

55	Supreme Court of Bhutan	0.580
56	Royal Body Guard, Dechencholing	0.568
57	CARLEP, Wengkhar	0.560
58	Dzongkhag Administration, Gasa including Gewogs	0.553
59	National Centre for Animal Health, Serbithang	0.552
60	UWICE, Bumthang	0.529
61	Secretariat, MoLHR	0.517
62	Construction of Royal Institute of Law (2nd Phase)	0.483
63	Dzongkhag Administration, Mongar including Gewogs	0.423
64	Directorate Services, MoF	0.416
65	Royal Securities Exchange of Bhutan Limited	0.410
66	Dungsam Cement Corporation Limited, Nganglam	0.402
67	Farm Machinery Corporation Limited	0.398
68	National Statistical Bureau	0.385
69	Directorate of Services including all other Departments of MoFA	0.344
70	Covid-19 Emergency Response and Health System Preparedness Project	0.323
71	Secretariat, MoAF including Prudent Project	0.313
72	National Pension and Provident Fund	0.307
73	Regional Revenue & Customs Office, Paro	0.264
74	Royal Privy Council	0.257
75	Anti-Corruption Commission	0.241
76	Gelephu Thromde LC, CD Accounts and Revenue, Sarpang	0.236
77	Jigme Singye Wangchuck National Park, Tshangkha, Trongsa	0.225
78	Regional Office of Economic Affairs, Thimphu	0.224
79	Regional Revenue & Customs Office (RRCO), Bumthang	0.191
80	Regional Livestock Development Centre , Tsimasham, Chhukha	0.189
81	Bhutan Power Corporation Limited	0.189
82	Water Flagship Program, DES, MoWHS	0.188
83	National Seed Centre, Paro	0.168
84	Electricity Service Division, Bhutan Power Corporation Limited, Gelephu	0.160
85	Regional Revenue & Customs Office (RRCO), Phuentsholing	0.155
86	Regional Nublang Breeding Center, Tashiyangphu, Wamrong	0.144
87	National Housing Development Corporation Limited	0.138

88	Regional Road Safety and Transport Authority, Mongar	0.135
89	National Assembly Secretariat	0.129
90	Regional Revenue and Customs Office, Samdrupjongkhar	0.117
91	Bhutan's Public Financial Management (PFM-MDF)	0.116
92	Regional Pig & Poultry Breeding Centre, Lingmethang, Mongar	0.114
93	Regional Road Safety Transport Authority, Phuentsholing	0.112
94	Samtse College of Education	0.109
95	National Horse Breeding Programme, Bumthang	0.104
96	Phrumsengla National Park, Ura, Bumthang	0.103
97	Dungkhag Court, Jomotsangkha	0.097
98	Regional Office, Department of Roads, Tingtibi, Zhemgang	0.089
99	Department of National Properties	0.089
100	College of Language & Cultural Studies, Taktse, Trongsa	0.084
101	Electricity Services Division, Bhutan Power Corporation Limited, Samdrupjongkhar	0.079
102	Construction Development Board	0.069
103	General Hospital, Phuentsholing	0.065
104	Department of Roads, MoWHS	0.060
105	Department of Adult and Higher Education, MoE	0.052
106	UNICEF Assisted Project, MoH	0.050
107	National Research Centre for Animal Nutrition, Bumthang	0.044
108	Divisional Forest Office, Trashigang	0.043
109	Thimphu TechPark Limited	0.041
110	Bhutan Council for School Examinations and Assessment	0.041
111	Directorate of Services, MoH	0.033
112	Regional Mithun Breeding Farm, Wangdigang, Zhemgang	0.031
113	Department of Geologies & Mines	0.031
114	Faculty of Traditional Medicine, KGUMSB, Thimphu	0.030
115	Jigme Wangchuk Power Training Institute, Dekiling, Sarpang	0.027
116	Dungkhag Court, Dophuchen	0.027
117	Dzongkhag Court, Trashiyangtse	0.026
118	UNFPA Assisted Project, MoH	0.024
119	Dzongkhag Court, Bumthang	0.022
120	Bhutan Red Cross Society	0.019

121	Thromde , Phuentsholing including CD account, Revenue & Education Subsidy	0.014
122	Department of Public Accounts	0.013
123	Fleming Fund Project. Implemented by Dept. of Medical Services, MoH	0.011
124	National Commission for Women & Children	0.011
125	ORIO Project, Dagapela under Department of Roads, Sarpang	0.010
126	Royal Civil Service Commission including CSWS	0.006
127	Department of Civil Registration and Census, MoHCA	0.004
128	Bhutan Agro Industries Limited	0.000
129	Bhutan Broadcasting Servcie Corporation	0.000
130	Bhutan Ferro Alloys Limited, Phuentsholing	0.000
131	Bhutan Health Trust Fund, Secretariat	0.000
132	Bhutan Olympic Committee including 16 Federations	0.000
133	Bhutan Trust Fund for Environment Conservation	0.000
134	Cabinet Secretariat	0.000
135	Calf Rearing Centre, Wangkha, Chhukha	0.000
136	Chhukha Hydro Power Plant	0.000
137	City Bus Service	0.000
138	Contribution to Legal Sector Program. PMU with OAG. Funded by ADA (FIC 5167)	0.000
139	Credit Information Bureau	0.000
140	Department of Culture including National Library & Archives	0.000
141	Development of Infrastructure at College of Language and Cultural Studies	0.000
142	Development of Motanga, Jigmeling and Dhamdum Industrial Estate	0.000
143	Divisional Forest Office, Samtse	0.000
144	Divisional Forest Office, Sarpang	0.000
145	Druk Air Corporation Ltd.	0.000
146	Druk Holding & Investments	0.000
147	Dungkhag Court, tashichhoeling	0.000
148	Dzongkhag Administration, Haa including Gewogs & Dungkhag	0.000
149	Electricity Services Division, Bhutan Power Corporation Limited, Paro	0.000
150	Electricity Services Division, Bhutan Power Corporation Limited, Thimphu	0.000

151	Green Bhutan Corporation Limited	0.000
152	Kuensel Corporation Limited	0.000
153	Livelihood enhancement of the small farmers in SAARC region	0.000
154	Medical Stores and Distribution Division, Phuentsholing	0.000
155	National Film Commission of Bhutan	0.000
156	National Highland Research & Development Centre, Bumthang	0.000
157	NRDCL, Regional Office, Phuentsholing including offices at Gedu & Samtse	0.000
158	NRDCL, including Regional Office Paro, Wang Service Centre	0.000
159	Phibsoo Wildlife Sanctuary, Singye, Sarpang	0.000
160	Regional Office, Department of Roads, Phuentsholing	0.000
161	Regional Office, Department of Roads, Sarpang	0.000
162	Regional Revenue & Customs Office, Gelephu	0.000
163	Review on Places of Entertainment (Drayang/ Karoke/Live Music)	0.000
164	Sakteng Wildlife Sanctuary, Phongmey	0.000
165	SASEC Transport, Trade Facilitation and Logistics Project (Loan).	0.000
166	Urban Transport Project. PMU with Cabinet Secretariat. Funded by GEF	0.000
167	Wangchuck Centennial National Park, Bumthang	0.000
168	Waste Management Flagship Programme, NEC	0.000
	<b>Grand Total</b>	<b>2244.804</b>

**Annexure III: Table 3; Agencies with cases of Shortfall, Lapses and Deficiencies with corresponding amounts**

Sl. No.	Agency	Amount (Nu. in Million)
1	Druk Holding & Investments	145.866
2	Punatsangchhu Hydroelectric Project Authority, Phase II	133.951
3	Dzongkhag Administration, Samtse including Goegs and Dungkhags	44.035
4	Gelephu Thromde LC, CD Accounts and Revenue, Sarpang	19.824
5	Kholongchhu Hydro Energy Limited, Trashiyangtse	18.984
6	Dzongkhag Administration, Zhemgang including Gewogs	18.983
7	General Hospital, Phuentsholing	14.052

8	Drukgyal Dzong Conservation Project, Department of Culture, MoHCA	13.127
9	Phuntsholing Township Development Project. Implemented by CDCL.	10.407
10	Dzongkhag Administration, Lhuentse including Gewogs	9.936
11	Department of Air Transport Authority, Paro, MoIC	7.783
12	Dzongkhag Administration, Pemagatshel including Gewogs and Dungkhag	7.590
13	Dzongkhag Administration, Samdrupjongkhar including Gewogs and Dungkhags	6.608
14	Department of Employment and Human Resources, MoLHR	5.600
15	Penden Cement Authority Limited including Depot, Phuentsholing	5.575
16	Department of Agriculture	5.245
17	Department of School Education, MoE	4.644
18	Rabdeys, Dratshang Lhentshog	4.639
19	Dzongkhag Administration, Sarpang including Gewogs & Dungkhag	4.472
20	Mangdechhu Hydroelectric Project Authority, Trongsa	4.239
21	Dzongkhag Administration, Dagana including Gewogs & Dungkhag	3.998
22	Dzongkhag Administration, Mongar including Gewogs	3.850
23	CARLEP, Wengkhag including Regional Offices	3.481
24	Disaster Management project	3.334
25	Dzongkhag Administration, Gasa including Gewogs	2.984
26	Jigme Dorji Wangchuck National Referral Hospital	2.914
27	Dzongkhag Administration, Trashiyangtse including Gewogs	2.898
28	Dzongkhag Administration, Bumthang including Gewogs	2.815
29	Dzongkhag Administration, Trongsa including Gewogs	2.748
30	Thromde , Phuentsholing including CD account, Revenue & Education Subsidy	2.612
31	Jigme Namgyel Engineering College, Deothang	2.596
32	Dzongkhag Administration, Thimphu including Gewogs and Dungkhag	2.351
33	Koupfuku International Dairy Corporation, Chenari, Trashigang	2.306
34	Royal Bhutan Police, HQ including RBP Division I, Paro	2.225
35	Urban Infrastructure Project (BHU 2816)	2.146



36	Dzongkhag Administration, Paro including Gewogs	1.798
37	Druk Green Power Corporation Ltd.	1.427
38	Technical Training Institute, Chumey, Bumthang	1.395
39	Dratshang Lhentshog Secretariat	1.373
40	Brown Swiss Cattle Farm, Bumthang	1.280
41	Department of Roads, MoWHS	1.250
42	Bhutan Telecom Limited (Corporate Office including Area and Branch offices)	1.171
43	Department of Medical Supply and Health Infrastructure	1.069
44	Divisional Forest Office (DFO), Mongar	0.975
45	Food Security & Agriculture Productivity Project (FSAPP)	0.929
46	Dzongkha Development Commission	0.916
47	Electricity Services Division, Bhutan Power Corporation Limited, Thimphu	0.886
48	Regional Office, Department of Roads, Trashigang	0.868
49	Construction of 40 bedded hospital at Dewathang	0.735
50	Dungsam Cement Corporation Limited, Nganglam	0.599
51	Skills Training & Education Pathways Upgradation project	0.582
52	Bhutan Olympic Committee including 16 Federations	0.507
53	Waste Management Flagship Programme, NEC	0.497
54	Tourism Council of Bhutan including Foreign Exchange (FOREX)	0.457
55	Dzongkhag Administration, Chhukha including Gewogs & Dungkhag	0.451
56	Dzongkhag Administration, Tsirang including Gewogs	0.426
57	Royal Institute of Management Secretariat including RIM fund	0.421
58	Development of Infrastructure at College of Language and Cultural Studies.	0.375
59	Cabinet Secretariat	0.370
60	Development of Sports Infrastructure	0.331
61	Bar Council of Bhutan	0.323
62	Electricity Services Division, Bhutan Power Corporation Limited, Samdrup Jongkhar	0.313
63	Dzongkhag Administration, Trashigang including Gewogs and Dungkhags	0.307
64	Thromde Office, Samdrupjongkhar including CD, Education sector & Revenue	0.292

65	Bhutan For Life, Multi-Party	0.245
66	Jigme Dorji National Park, Damji, Gasa	0.239
67	Calf Rearing Centre, Wangkha, Chhukha	0.236
68	Supreme Court of Bhutan	0.227
69	Bhutan Narcotic Control Agency	0.226
70	Royal Privy Council	0.225
71	Dzongkhag Administration, Haa including Gewogs & Dungkhag	0.218
72	Directorate of Services and Sherig Endowment Fund, MoE	0.217
73	NRDCL, Jakar Regional Office, Bumthang including Gelephu Branch Office	0.210
74	Medical Stores and Distribution Division, Phuentsholing	0.203
75	Directorate of Services including all other Departments of MoFA	0.193
76	Urban Transport Project	0.166
77	College of Language & Cultural Studies, Taktse, Trongsa	0.155
78	Eastern Regional Referral Hospital, Mongar	0.117
79	Regional Office of Economic Affairs, Samdrupjongkhar	0.111
80	National Institute of Zorigchusum, Trashiyangtse	0.105
81	Regional Office, Department of Roads, Trongsa	0.104
82	National Highland Research & Development Centre, Bumthang	0.096
83	Regional Pig & Poultry Breeding Centre, Lingmethang, Mongar	0.091
84	National Handloom Corporation, Khaling	0.089
85	Secretariat, MoAF including Prudent Project	0.086
86	Regional Road Safety and Transport Authority, Mongar including base office	0.069
87	Sakteng Wildlife Sanctuary, Phongmey	0.065
88	Royal Institute of Tourism and Hospitality	0.063
89	Bhutan Duty Free Limited	0.063
90	Directorate Services, MoF	0.061
91	Department of Civil Registration and Census, MoHCA	0.061
92	Faculty of Nursing & Public Health, KGUMSB, Thimphu	0.057
93	Regional Office of Economic Affairs, Mongar	0.054
94	Regional Office, Department of Roads, Sarpang	0.052
95	Regional Office, Department of Roads, Tingtibi, Zhemgang	0.050

96	Phibsoo Wildlife Sanctuary, Singye, Sarpang	0.049
97	Electricity Services Division, Mongar, Bhutan Power Corporation Limited	0.046
98	Covid-19 Emergency Response and Health System Preparedness Project.	0.044
99	Dungkhag Court, Lingzhi	0.042
100	Regional Nublang Breeding Center, Tashiyangphu, Wamrong	0.041
101	NRDCL, Regional Office, Phuentsholing including offices at Gedu & Samtse	0.040
102	Phrumsengla National Park, Ura, Bumthang	0.033
103	Department of Intellectual Property, MoEA	0.033
104	Fleming Fund Project. Implemented by Dept. of Medical Services, MoH	0.030
105	National Museum of Bhutan, Paro	0.028
106	ORIO Project, Dagapela under Department of Roads, Sarpang	0.007
107	Army Welfare Project, Samtse	0.000
108	Bhutan Agro Industries Limited	0.000
109	Bhutan Ferro Alloys Limited, Phuentsholing	0.000
110	Bhutan Postal Corporation Ltd.	0.000
111	Bhutan Red Cross Society	0.000
112	Central Machinery Unit (CMU), Bumthang	0.000
113	Central Regional Referral Hospital, Gelephu	0.000
114	College of Natural Resources, Lobesa, Punakha	0.000
115	Department of Culture including National Library & Archives	0.000
116	Department of Revenue & Customs	0.000
117	Druk Air Corporation Ltd.	0.000
118	Dzongkhag Administration, Punakha including Gewogs	0.000
119	Dzongkhag Administration, Wangdue Phodrang including Gewogs	0.000
120	Dzongkhag Court, Dagana	0.000
121	Electricity Services Division, Bhutan Power Corporation Limited, Paro	0.000
122	Farm Machinery Corporation Limited	0.000
123	Gaeddu College of Business Studies	0.000
124	Health Flagship Programme (Gastric, Cervical and Breast cancer)	0.000

125	Jigme Wangchuk Power Training Institute, Dekiling, Sarpang	0.000
126	Menjong Sorig Pharmaceuticals Corporation Limited	0.000
127	National Housing Development Corporation Limited	0.000
128	National Jersey Breeding Centre, Samtse	0.000
129	National Pension and Provident Fund	0.000
130	National Poultry Development Centre, Gakidling, Sarpang	0.000
131	NRDCL, including Regional Office Paro, Wang Service Centre	0.000
132	Regional Office, Department of Roads, Samdrupjongkhar	0.000
133	Regional Office, DoR, Lobesa, Punakha	0.000
134	Regional Road Safety Transport Authority, Phuentsholing including Base Offices	0.000
135	Resurfacing of Samtse-Tashicholing-Tendruk road (73kms)	0.000
136	Royal Civil Service Commission including CSWS	0.000
137	Samtse College of Education	0.000
138	Supporting Climate Resilience and Transformational Change in the Agriculture Sector in Bhutan.	0.000
139	Tala Hydro Power Plant	0.000
140	Technical Training Institute, Khuruthang , Punakha	0.000
141	Thimphu TechPark Limited	0.000
142	Up gradation of Bajo - Khuru SNH.	0.000
	<b>Grand Total</b>	<b>555.683</b>

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*"Every individual must strive to be principled. And individuals in positions of responsibility must even strive harder"*

*- H.M The King Jigme Khesar Namgyel Wangchuck*