

CFM has over Nu 6M in irregularities, RAA reports

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The Centenary Farmers' Market (CFM) has reported a shortfall in income of more than Nu 6 million (M), according to the Annual Audit Report for the fiscal year 2022-23.

According to the audit report, the CFM management procured a Hakomatic ride-on scrubber cleaning B910 machine in 2014 for which the management paid Nu 2.2 million. This according to auditors indicates a significant price disparity compared to the price paid for a similar machine with minor differences in features supplied to Jigme Dorji Wangchuck National Referral Hospital by the same supplier.

The report mentioned that despite the minor differences in features, there is a cost difference of Nu 1.530M, which is over 288 percent more.

It was also pointed out that the CFM management did not take any initiative to explore and ascertain the reasonableness of the rates from the dealers and manufacturers in the market. Instead, they accepted the rate quoted by the supplier leading to exorbitant costs to the government. However, the auditors stated that they could not rule out the possibility of collusive practices in the procurement of those machines.

The case was forwarded to the Anti-Corruption Commission for investigation. The CFM management responded that the amount would be recovered and deposited in the account.

The audit also pointed out that the non-functional ride-on scrubber cleaning machine due to missing spare parts like squeegee, brushes, and battery. This situation has persisted since 2019, hindered by the Covid-19 pandemic's impact on spare part procurement.

A review of machine usage revealed that it had operated for only 362 hours from September 17, 2014. The expenditure incurred did not provide value for money.

Similarly, CFM has a revenue loss of Nu 2.182 million due to deferred contract awarding for parking fee collections from July 2019 to August 2021.

The report states that Kuenchap Enterprise was eventually awarded the contract for collecting the parking fees at a quoted amount of Nu 118,179 per month for 36 months.

However, due to land lease issues pending with Thimphu Thromde regarding the occupation of State land by CFM for parking, the contract award was put on hold. In the meantime, CFM continued to collect parking fees for 26 months, resulting in a revenue loss.

It was pointed out that there is a significant difference between the monthly rate offered by the private firm and the monthly collections accounted for by the CFM.

The report also pointed out that Thimphu Thromde had not restricted the CFM management and issued any notice restricting the use and collection of parking fees.

CFM also had outstanding rent amounting to Nu 2.634 million from various vegetable vendors and showroom proprietors for using the spaces for the store and showroom from the financial year 2018-19 until 2020-21.

The audit recommended expediting the collection of outstanding rent along with applicable penal interest.

The management responded that some of the vendors had already cleared the dues.