

རྒྱལ་ཁུངས་ཚུལ་ཞིབ་དབང་འཛིན།

Royal Audit Authority



Follow-up Audit Report of Performance Audits



March 2024

Reporting on Economy, Efficiency and Effectiveness



རྒྱལ་ཁབ་ལྷན་ཁྲིམ་ཞིབ་དབང་འཛིན།
ROYAL AUDIT AUTHORITY
Bhutan Integrity House

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



RAA/(AG-SP)/03/2024/ 062

Date: 27 March 2024

The Hon'ble Speaker
National Assembly of Bhutan
Gyalong Tshogkhag, Thimphu

Subject: Submission of Follow-up Audit Report of eight Performance Audit Reports

Your Excellency,

Pursuant to Section 42(b) of the Rules of Procedures of the Public Accounts Committee, 2017, the Royal Audit Authority (RAA) has the honor to submit the Follow-up audit report of the following seven Performance Audit Reports:

1. IT Audit Report on Core Banking System in BDBL (AIN: PAD-2024-10);
2. Performance Audit Report on Urban Planning and Development in Thimphu Throm (AIN: PAD-2024-11);
3. Performance Audit Report on Road Maintenance Works (AIN: PAD-2024-12);
4. Performance Audit Report on Ex-Country Travels -Short-Term Trainings (AIN: PAD-2024-15);
5. Performance Audit Report on Implementation and Management of National Broadband Fiber Network (AIN: PAD-2024-16);
6. Performance Audit Report on Operations of Natural Resource Development Corporation Limited (AIN: PAD-2024-17) and
7. Performance Audit of Safe and Sustainable Road Transport System (AIN: PAD-2024-18)

Based on the Management Action Plans (MAP) and Action Taken Reports (ATR) received from the concerned agencies, the RAA has conducted follow-up audits by performing field visits, wherever required.

The status of the reports as of 30 March 2024 are detailed in Exhibits enclosed herewith for Your Excellency's kind reference.

Thanking you and looking forward to Your Excellency's continued support.

Yours respectfully,

(Tashi)

Auditor General

Copy To:

1. The Hon'ble Prime Minister of Bhutan, Gyalong Tshogkhag, Thimphu;
2. The Hon'ble Chairperson, National Council of Bhutan, Thimphu;
3. The Hon'ble Opposition Leader, Gyalong Tshogkhag, Thimphu;
4. The Hon'ble Chairperson, Public Accounts Committee, Gyalong Tshogkhag, Thimphu; and
5. The Hon'ble Member, Public Accounts Committee, Gyalong Tshogkhag, Thimphu.

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

-His Majesty the King Jigme Khesar Namgyel Wangchuck

Contents

Executive Summary i

Abstract of Follow-up Audit Reports iii

 EXHIBIT-A..... 1

 EXHIBIT-B..... 8

 EXHIBIT-C..... 20

 EXHIBIT-D 31

 EXHIBIT-E 50

 EXHIBIT-F 71

 EXHIBIT-G 103

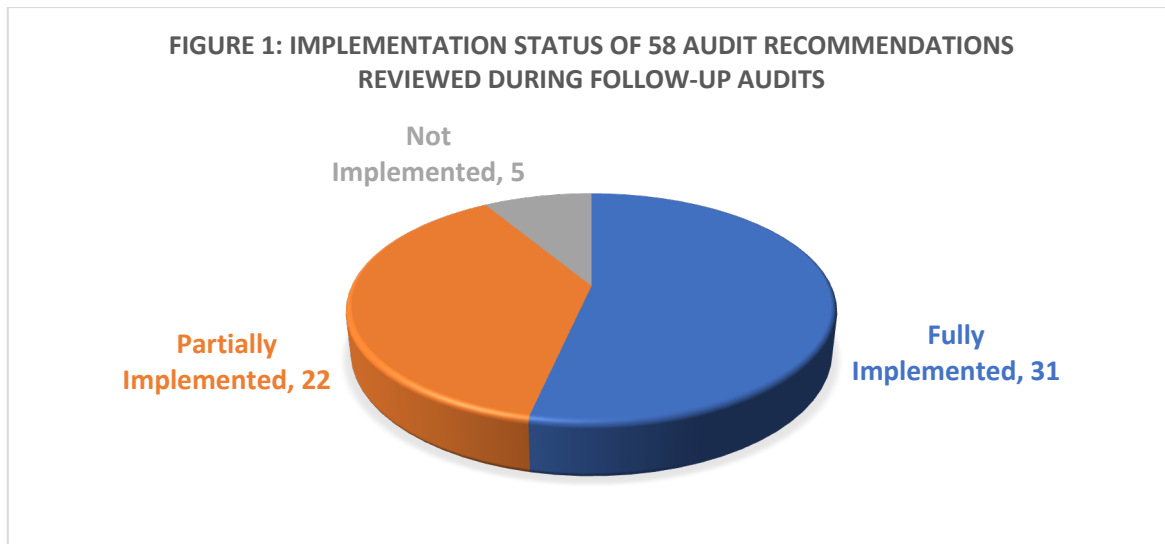
Executive Summary

The RAA conducted the Follow-up Audits of nine Performance Audit Reports presented to Parliament as mandated by the Audit Act of Bhutan, 2018. Chapter 7, Section 119 of the Act states that audited agencies and relevant authorities are responsible for timely follow-up actions on audit reports.

The Follow-up Audit of Performance Audit Reports were conducted with the following objectives:

- ☐ To ascertain whether, or to what extent, recommendations made by the RAA have been implemented by the audited agencies;
- ☐ To determine the impacts and value addition made by the recommendations provided in the performance audit report; and
- ☐ To report to Parliament on the audited entity's progress in implementing RAA's recommendations.

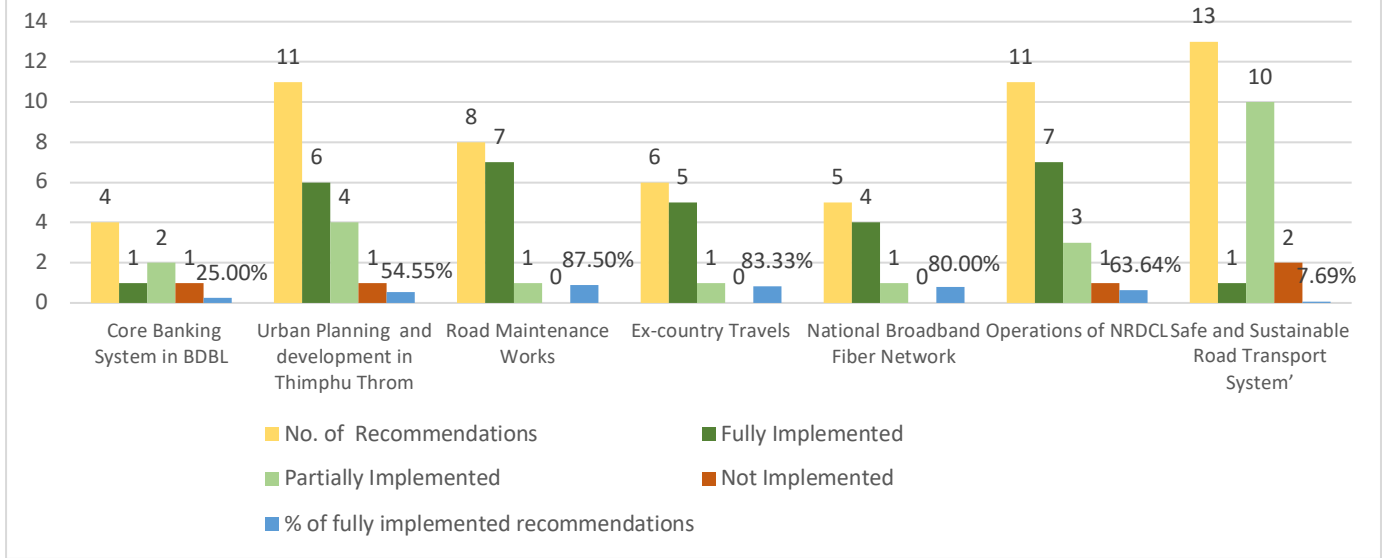
On review of all 58 recommendations provided in the seven performance audit reports, the RAA noted that as of the follow-up audit date, 31 recommendations had been fully implemented, 22 recommendations partially implemented and 5 recommendations had not been implemented as depicted in figure 1. The figure 1 shows the status of implementation of the audit recommendations categorised as fully implemented, partially implemented, and not implemented at all.



As detailed in the figure 2, the overall status of the implementation of the issued recommendations indicates that 53.45% of the recommendations issued were fully implemented, 37.93% were partially implemented, and 8.62% were not implemented.

The review of the implementation status of recommendations reveals a varied performance across audited entities. The percentage of fully implemented recommendations ranges from 7.69% to 87.50%, and collectively, it stands at 54.84%. Although a substantial percentage of recommendations have been successfully implemented, a notable portion remains either partially implemented or not implemented at all.

Figure 2: Implementation Status of Audit Recommendations by Audit



The non-implementation of recommendations was mainly due to resource constraints, inadequate monitoring system, lack of coordinated approach to implement the recommendations, and the absence of focal officers. The individuals initially held responsible and accountable during the initial audit had resigned, leading to a lack of ownership and a tendency to deny the issues raised in the initial performance audit.

Subsequently, the RAA issued Follow-up Audit Reports to each agency, requesting a revised Management Action Plan with a definite timeframe for those recommendations that are either not implemented or partially implemented.

1. Review of IT Audit Report on Core Banking System in BDBL

The IT Audit of the Core Banking System in BDBL was conducted to assess the effectiveness of system migration in achieving the organisation's goals including the accuracy and completeness of data migration, effective incorporation of compliance requirements, and adequacy and effectiveness of IT controls in Finacle CBS. The audit covered the period from April 2017 to September 2018 and the report was issued on 5 April 2019. The report was submitted to the 2nd Session (Joint Session) of the Third Parliament but it was not deliberated.

The report contained four recommendations which are aimed at enhancing the efficiency and effectiveness of Finacle CBS.

The follow-up audit was carried out on the four recommendations based on the Action Taken Reports received from Bhutan Development Bank Limited (BDBL), information made available and discussions held with the relevant officials. Out of the four recommendations, one has been fully implemented, two are partially implemented and one remains not implemented. The status of the recommendations is detailed in **Exhibit -A**.

2. Review of Performance Audit Report on Urban Planning and Development in Thimphu Throm

The Performance Audit on Urban Planning and Development of Thimphu Throm was conducted:

- i. To ascertain whether there exists an appropriate institutional framework for effective and efficient urban planning and development; and
- ii. To ascertain whether urban planning and development initiatives comply with the standards and norms.

The audit covered the period 2013-14 to 2017-2018 and the report was issued on 27 December 2019. The report was discussed in the 5th Session (Joint Session) of the Third Parliament.

The report contained eleven recommendations aimed at enhancing efficiency and effectiveness in urban planning and development in Thimphu Throm.

The follow-up audit was carried out on the eleven recommendations based on the Action Taken Reports received from the Department of Human Settlement (DHS) and Thimphu Thromde, information made available and discussions held with the department and relevant officials. Out of eleven recommendations, six have been fully implemented, four are partially implemented and one remains as not implemented. The status of the recommendations is detailed in **Exhibit -B**.

3. Review of Performance Audit Report on Road Maintenance Works

The Performance Audit on Road Maintenance Works was conducted to ascertain the economy, efficiency and effectiveness in operation and management of road maintenance works. The audit

covered the period 2013-14 to 2017-18 and the report was issued on 25 October 2019. The report was discussed in the 5th Session of the Third Parliament.

The report contained eight recommendations which are aimed at enhancing the efficiency and effectiveness of road maintenance works.

The follow-up audit was carried out on the eight recommendations based on the Action Taken Reports received from Department of Surface Transport (DoST), information made available and discussions held with the relevant officials. Out of eight recommendations, seven has been fully implemented while only one has remained partially implemented as of now. The status of the recommendations is attached in **Exhibit -C**.

4. Review of Performance Audit Report on Ex-country Travels (STTs)

The Performance Audit Report on Ex-country Travels (STTs) was conducted;

- i. To ascertain whether the required systems and procedures are enforced effectively to ensure that ex-country travels (STTs) are well planned;
- ii. To ascertain whether ex-country travels (STTs) are performed in the most economical manner;
- iii. To ascertain relevancy of ex-country travels (STTs) performed; and
- iv. To ascertain whether there are systems and procedures instituted to ensure impactful ex-country travels.

The audit covered the period from 1 July 2018 to 30 June 2019 and the report was issued on 29 September 2020. The report was discussed in the 7th Session (Joint Session) of the Third Parliament.

The report contained six recommendations supporting authorities and agencies in initiating improvements in administration of STTs for civil servants.

The follow-up audit was carried out on the recommendations based on the Action Taken Reports received from Royal Civil Service Commission (RCSC), information made available and discussions held with the relevant officials. Out of the six recommendations, five has been fully implemented while only one has remained partially implemented as of now. The status of the recommendations is detailed in **Exhibit -D**.

5. Review of Performance Audit Report on Implementation and Management of National Broadband Fiber Network

The Performance Audit on Implementation and Management of National Broadband Fiber Network was conducted to ascertain the economy, efficiency and effectiveness in the implementation and management of National Broadband Fiber Network. The audit covered the period from 1 July 2008 till 30 June 2018 and the report was issued on 7 September 2020. The report was discussed in the 6th Session (Joint Session) of the Third Parliament.

The report contained five recommendations which aimed at enhancing efficiency and effectiveness of operation and management of National Broadband Fiber Network.

The follow-up audit was carried out on the recommendations based on the Action Taken Reports received from GovTech Agency, Bhutan InfoCom and Media Authority (BICMA) and Bhutan Power Corporation Ltd. (BPCL), information made available and discussions held with the relevant officials. Out of the five recommendations, four has been fully implemented while only one has remained partially implemented as of now. The status of the recommendations is detailed in **Exhibit -E**.

6. Review of Performance Audit Report on Operations of NRDCL

The Performance Audit Report on Operations of Natural Resources Development Corporation Limited (NRDCL) was conducted to assess the adequacy of existing legal and institutional framework of NRDCL in delivering its mandates and to review NRDCL's efficiency and effectiveness in fulfilling its primary mandates to make natural resources available, accessible and affordable to general public. The audit covered the period from 2013 till 2020 and the report was issued on 2 August 2021. The report was discussed in the 7th Session (Joint Session) of the Third Parliament.

The report contained eleven recommendations which was aimed to address the issues that were identified and guide the management to correct the deficiencies and problems.

The follow-up audit was carried out on the recommendations based on the Action Taken Reports received from NRDCL, information made available and discussions held with the relevant officials. Out of the eleven recommendations, eight have been fully implemented while three has remained partially implemented as of now. The status of the recommendations is detailed in **Exhibit -F**.

7. Review of Performance Audit Report on Safe and Sustainable Road Transport System

The Performance Audit on Safe and Sustainable Road Transport system was conducted to assess the effectiveness in the implementation of road strategies to ensure safe road transport system and to determine to what extent the government initiatives have ensured accessible, available, and affordable public transport. The audit covered the period from 1 July 2016 till 30 June 2020 and the report was issued on 6 May 2022. The report was discussed in the 8th Session (Joint Session) of the Third Parliament.

The report contained thirteen recommendations which was aimed at enhancing efficiency and effectiveness of road safety and transport system.

The follow-up audit was carried out on the recommendations based on the Action Taken Reports received from Bhutan Construction and Transport Authority (BCTA) and Department of Surface Transport (DoST) and on the information made available and discussions held with the relevant officials. Out of the thirteen recommendations, one has been fully implemented and ten are partially implemented and two remain as not implemented. The status of the recommendations is detailed in **Exhibit -G**.

EXHIBIT-A

**Follow-up Audit Report of IT Audit Report on Core Banking System in
BDBL**

AIN: PAD-2024-10

Audit Report : IT Audit Report on Core Banking System in BDBL AIN : 15742 Date of Issue : 5 April 2019 Name of Agency : Bhutan Development Bank Limited (BDBL) Responsible Agency. : BDBL No. of Follow-up Audit. : 1						
Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
4.1	<p>Field receipt management should be incorporated in Finacle CBS</p> <p>The RAA found that FOB and field receipts were not customised in the system even though this requirement was identified before the implementation of Finacle CBS.</p> <p>Therefore, considering the risk of using field receipts, there should be proper control over field receipts and BDBL should automate the inventory management of field receipts in Finacle CBS.</p>		<p>Implemented</p> <p>The BDBL with the implementation of FOB online using POS machines in all the branches and issuance of revised SOP 2021 for FOB services has fully implemented the recommendation.</p>	1 January 2020 to 31 August 2020.	<p>The module for field receipts management is found to be incorporated into the Finacle system.</p> <p>However, it was noted that users are not granted access to record the inventory of the field receipt booklet. As such, there is no record maintained in the system to trace or track the status of receipts issued to branch offices. Currently, the branch office enters each booklet in the system at the time of use, not the total number of books received from the head office.</p> <p>Thus, the balance for the total number of receipts issued to the branch office is not captured in the system. Additionally, the CBS does not generate the current status of the booklets issued by the branches to officials who are in the field.</p> <p>The dates for loan repayments, withdrawals, and deposits are found to be backdated in the system.</p>	<p>Partially implemented</p> <p>Although the field receipts management was incorporated into the Finacle system, users from the store were not granted access to record the inventory of the field receipt booklets. Only receipts that are currently being used by the branch offices are entered into the system. Besides, the system does not generate reports of the inventory thereby, indicating ineffective control over the field receipt management.</p> <p>As the control over the inventory of field receipts was found inadequate, the recommendation is considered partially implemented.</p> <p>Further Course of Action</p> <p>The IT Department, BDBL should effectively leverage the use of the field receipt management module to enhance operational efficiency.</p>

Audit Report	: IT Audit Report on Core Banking System in BDBL
AIN	: 15742
Date of Issue	: 5 April 2019
Name of Agency	: Bhutan Development Bank Limited (BDBL)
Responsible Agency.	: BDBL
No. of Follow-up Audit.	: 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
4.2	<p>BDBL should institute robust IT controls in Finacle CBS</p> <p>Currently, the BDBL does not have adequate and robust IT controls in Finacle CBS. BDBL should institute and enforce robust IT controls in the system to maintain the integrity and reliability of the system at all times. Specifically, BDBL should:</p> <ul style="list-style-type: none"> • endorse and implement IT policies to ensure that effective IT controls are in place; • institute monitoring mechanism in order to avoid multiple user accounts for one employee, generic user accounts, follow proper naming convention and deactivate those users who are no longer with the bank; • ensure access control mechanism to assign access rights and privileges based on ‘need to know’ and 		<p><u>Implemented</u></p> <p>The BDBL in order to maintain integrity and reliability of the system has started enforcing Finacle SOP 2018 and ICT Security Policy 2018 since January 2019.</p> <p>With the procedure and policy in force, the multiple users and generic user accounts were deleted and disabled, the User Access Management was ensured, the validations in the system were mapped properly, and UAT carried out in order to avoid erroneous and variations.</p> <p>It was also reported that the master data has been updated and the audit log and trail can be reviewed and easily traced out. Further, the</p>	Not provided	<p>ICT Policies and Finacle SOP were endorsed and implemented with effect from January 2019.</p> <p>All the validation controls, User Access Management, deployment of patches, access to data and back up and review of audit trail and logs were found implemented in line with ICT Policies and Finacle SOP.</p>	<p><u>Implemented</u></p> <p>Since IT Controls that were identified as weak and vulnerable in the Finacle CBS were implemented, the recommendation is considered implemented.</p>

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No. of Follow-up Audit. : 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
	<p>‘least privilege’ principles in order to mitigate the risk of unauthorised access, data modification, disclosure, or loss;</p> <ul style="list-style-type: none"> • implement strong input validation controls so that the system does not accept garbage, duplicates, invalid data, and process data incorrectly or illogically; • implement adequate processing controls to prevent erroneous, incorrect calculations and variations; • ensure accurate and complete reports are generated to prevent errors and inconsistencies as incorrect reports have financial implications for the bank; • apply strong validation controls over master data since master data are important files used as references and input for processing transactions; 		<p>Flaws in the system were rectified and problematic accounts cleaned up as well.</p> <p>In view of the above, the recommendation is considered implemented.</p>			

Audit Report : IT Audit Report on Core Banking System in BDBL AIN : 15742 Date of Issue : 5 April 2019 Name of Agency : Bhutan Development Bank Limited (BDBL) Responsible Agency. : BDBL No. of Follow-up Audit. : 1						
Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
	<ul style="list-style-type: none"> establish review mechanism for audit logs and trial; identify and rectify the flaws in the system; and initiate data cleaning of the Finacle CBS database to remove inaccurate and incomplete data. <p>Although every employee plays a role in strengthening the organisation's internal control system, the responsibility for establishing and maintaining the control environment rests with the management.</p>					
4.3	<p>BDBL should meet and comply strictly with all the compliance requirements</p> <p>The RAA noted several instances of non-compliance with RMA and BDBL's regulations. In order to address these non-compliances, the BDBL should ensure strict compliance by leveraging the</p>		<p><u>Partially Implemented</u></p> <p>Out of 1056 loan accounts, the interest rates for 426 active accounts were either found correct or rectified in the system, while 38 accounts were closed. The remaining accounts for 567 clients are being reviewed by the BDBL.</p>	1 January 2019 to 31 December 2019	<p>The instances of irregularities provided in the annexures of the audit report were still not rectified in the system for the active users. The interest rates for some of the old loan accounts were not as per the prescribed rates.</p> <p>However, it was noted that the interest rates for the new loan accounts and other parameters are set as per the prescribed interest rates and compliance requirements</p>	<p><u>Partially Implemented</u></p> <p>The proper procedure in place for setting the parameters in the system has led to less compliance issues. Ensured that the processes and controls for setting and modifying loan product parameters are done as per the Finacle SoP and the compliance requirements.</p> <p>The recommendation will maintain status quo from the previous desk review because the loan accounts for</p>

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No. of Follow-up Audit.	: 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
	<p>Finacle CBS. In particular, BDBL should:</p> <ul style="list-style-type: none"> maintain the master copy of all (both past and current) the compliance requirements; institute proper procedures to set the parameters of all its products; institute appropriate monitoring mechanisms for setting scheme parameters in Finacle CBS. 		<p>In the case of maximum loan term period, 42 active accounts were found rectified and 38 accounts closed. The remaining 44 active accounts are being reviewed by the BDBL. Therefore, the BDBL until rectifies the entire discrepancies and reports submitted to the RAA, the recommendation shall remain partially implemented.</p>		<p>in the system. The parameter-setting procedures were instituted as per Finacle SoP.</p> <p>There are appropriate monitoring mechanisms for setting scheme parameters in Finacle CBS. The Change requests in the system were analysed and approved by GM, ICT. The parameter set in deviation to the compliance requirements are now alerted to the users.</p>	<p>which the interest rates do not match the prescribed interest rates are not rectified.</p> <p>Further Course of Action</p> <p>The IT Department, BDBL should review and rectify all the varying interest rates that do not match the prescribed interest rates.</p> <p>Further, the Department should implement measures to prevent reoccurrence of such instances in the future.</p>
4.4	<p>BDBL should establish problem-management mechanisms</p> <p>BDBL should maintain incident logs and perform analysis to find and resolve the underlying problems. IT helpdesk could identify frequently occurring user-related incidents and resolve them either through training or dissemination of user guides. In addition, root cause analysis should be performed and a permanent solution should be applied to</p>		<p>Implemented</p> <p>It has been noted that, the ICT department has developed an online helpdesk portal to report, record and track incidences. The knowledge-based section for the users is added for solutions and recurring problems and updated accordingly.</p>	Not provided	<p>There were no record of the incident/issue logs being maintained to resolve the underlying problem. Therefore, the immediate response/action taken to resolve the issue for future references or enhancements were not maintained.</p> <p>Nonetheless, it was noted that the support system for users to seek help for solutions to the problems is institutionalised.</p>	<p>Not Implemented</p> <p>The recommendation is considered not implemented after the follow-up audit because the Online Support System (online help desk Portal) that reports, records and tracks incidences was not implemented as agreed in the initial Management Action Plan submitted to the RAA.</p> <p>Further Course of Action</p> <p>The IT Department, BDBL should maintain incident logs in order to</p>

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No. of Follow-up Audit.	: 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
	the commonly occurring system-related incidents. This should also lead to improved productivity of the IT helpdesk support through the resolution of problems effectively and in a timely manner.		<p>The user trainings were given to the employees of the bank on the Finacle system for consistency and uniformity. The ICT department besides circulating operational process and manuals has started creating awareness and sensitisation on the security aspects in Finacle.</p> <p>In view of the above initiatives, the recommendation is considered implemented.</p>			perform root cause analysis for finding and resolving the underlying problems.

EXHIBIT-B

**Follow-up Audit Report of Performance Audit Report on Urban Planning &
Development in Thimphu Throm**

AIN: PAD-2024-11

Audit Report : Performance Audit Report on Urban Planning & Development in Thimphu Throm AIN : 16269 Date of Issue : 27 December, 2019 Name of Agency(ies) : Department of Human Settlement (DHS), Ministry of Infrastructure & Transport (MoIT), and Thimphu Thromde Responsible Agency : Department of Human Settlement No. of Follow-up Audit : 1						
Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
4.1	The Government should develop a clear institutional Framework for the implementation of the TSP		<u>Partially Implemented</u> While the framework for Monitoring and Evaluation of Human Settlement Plans has been developed, the recommendation shall remain partially implemented until the enactment of the Spatial Planning Bill.	July 2020 to June 2021	i. The RAA recommended expediting the enactment of the Spatial Planning Bill. During the review, it was found that the Lhengye Zhungtshog had not approved the submission of the Bill to the Parliament during the 104 th session. The Lhengye Zhungtshog had directed to consider capturing emerging ideas in the construction sector bill vide letter No.C-3/104/2021/1116 dated 8 November 2021. However, to address pertinent issues related to planning, the Ministry initiated the review of Bhutan Building Regulations in 2022 and was approved in 2023 for implementation.	<u>Implemented</u> Recognising the efforts of the Ministry to get the Spatial Planning Bill approved and enacted and considering it as a dead bill, this recommendation will no longer be pursued.
					ii. The RAA recommended developing a clear institutional framework including a defined communication strategy, timely reporting, and timely monitoring of activities for the implementation of the TSP. The RAA found that the new TSP 2023-2048 was launched in October 2023. Thus, the RAA reviewed the recommendation considering the new TSP.	<u>Partially Implemented</u> The implementation of Thimphu Structure Plan 2023-2048 is crucial considering the investments made, and the opportunities to address the current challenges and transform Thimphu. As such, the status of the recommendation is partially implemented as the implementation of TSP 2023-2048 is

Audit Report : Performance Audit Report on Urban Planning & Development in Thimphu Throm AIN : 16269 Date of Issue : 27 December, 2019 Name of Agency(ies) : Department of Human Settlement (DHS), Ministry of Infrastructure & Transport (MoIT), and Thimphu Thromde Responsible Agency : Department of Human Settlement No. of Follow-up Audit : 1						
Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
					It was noted that although there is a delivery and implementation strategy in the new TSP, the ownership to implement the TSP is yet to be finalised citing that the MoIT does not currently have the implementation capacity for large-scale plans.	dependent on a clear implementation strategy. Further Course of Action The MoIT in collaboration with relevant stakeholders should establish a clear TSP implementation strategy.
4.2	The Government should consider adequate representation of stakeholders in Thromde decision making		Partially Implemented The recommendation shall remain the same until an appropriate action is taken for adequate representation of stakeholders in Thromde's decision-making.	July 2020	Hon'ble Secretary of the erstwhile MoWHS, vide letter number MoWHS/PPD/DHS/06/238 dated August 10, 2020, has written to the Hon'ble Secretary, Cabinet Secretariat requesting to review the recommendation in coordination with relevant agencies responsible for governance and election matters and to provide further directives. This was mainly due to the Ministry not being able to cater such matters in urban governance. With no further directives, vide letter no. MoIT/DHS/Thimphu/2022-2023/152 dated April 21, 2021, the Director, Department of Human Settlement has written to Hon'ble Secretary to follow up on the request submitted in 2020. Subsequently, a presentation was made to the C4CS on the recommendation.	Implemented The RAA acknowledges the initiative taken by the Ministry to take up the matter with the cabinet Secretariat and following up on the issue on several occasions. However, it was noted that the members of the Thromde Tshogde are representatives elected from the seven Demkhongs identified by the Delimitation Act of Election Commission of Bhutan. Thus, the recommendation will not be pursued further as the Demkhongs and delimitation are not under the purview of the Ministry and Thromde.

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Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
4.3	The Ministry and Thimphu Thromde should carry out a comprehensive review of TSP and DCRs		<p><u>Partially Implemented</u></p> <p>It has been noted that Royal Commission for Urban Development (RCUD) has been established as an apex body for “National Urban Development to oversee and ensure holistic and integrated urban planning and development.”</p> <p>As such, the commission in collaboration with the Ministry, is carrying out the review of the TSP. However, until the completion of review of TSP and DCRs, the recommendation shall remain the same.</p> <p>Meanwhile, the timeline for review of TSP and DCRs has been revised until June 2023.</p>	July 2020 to June 2023	<p>Preparation of Thimphu-Paro Regional Prospectus and Thimphu-Paro Regional Strategy was completed in August 08, 2022 and reports were shared with relevant agencies and stakeholders for adoption and implementation. The reports can be viewed and downloaded from this link https://thimphustructureplan.virtual-engage.com/</p> <p>Review of Thimphu Structure Plan was completed and launched for adoption and implementation on 14th October 2023.</p> <p>The Ministry had initiated the preparation of the Design Code for Thimphu to implement the proposal of the Thimphu Structure Plan on 29th August 2023 and scheduled to complete in June 2024.</p> <p>The implementation of the provision of existing rules and regulations such as DCRs and regulations like lift rules and guidelines for differently abled construction is ensured by the Compliance and Enforcement Division. The Division had developed a Standard Operating Procedure (SoP) 2023 for compliance and monitoring of the Developmental Plans.</p>	<p><u>Partially Implemented</u></p> <p>The TSP was reviewed and launched on a digital platform for public feedback, 19 years after its implementation in 2004. The project was undertaken by RCUD, MoIT, and Thimphu Thromde.</p> <p>All the sub-recommendations are addressed by the TSP 2023-2048 except the review of DCRs. The Ministry is planning to replace DCR 2016 with Design codes by March 2024.</p> <p>Until the Design codes are completed, the recommendation will be partially implemented.</p> <p><u>Further Course of Action</u></p> <p>MoIT should expedite the completion of Design codes for implementation of TSP 2023-2048.</p>

Audit Report : Performance Audit Report on Urban Planning & Development in Thimphu Throm AIN : 16269 Date of Issue : 27 December, 2019 Name of Agency(ies) : Department of Human Settlement (DHS), Ministry of Infrastructure & Transport (MoIT), and Thimphu Thromde Responsible Agency : Department of Human Settlement No. of Follow-up Audit : 1						
Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
					The concern of carrying out a more realistic slope analysis is addressed by the Review of TSP. To assess and ascertain the capacity of the site, slope analysis is carried out and accordingly, various land uses are designated. Wherever the site is steep or poses difficulty in the provision of infrastructure, low-density developments are permitted.	
4.4	The Ministry in collaboration with Thimphu Thromde should strengthen the coordination between themselves		<u>Partially Implemented</u> While the response has been noted, the coordination and communication between the agencies and clarity on a procedure to develop and implement urban development plans will be reviewed upon completion of the review of TSP which has been extended until June 2023. Meanwhile, the Spatial Planning Framework has been developed in June 2021 and circulated to 20 Dzongkhags and four	July 2020 to June 2021	<p>It was noted that the Governance aspect was covered in the Thimphu-Paro Regional Strategy under chapter 7 of the report, prepared on August 08, 2022.</p> <p>Spatial Planning Framework 2021 was developed and implemented for urban development during the 37th PPCM held on August 3, 2021. This Framework specifies the development of urban development plans at different levels- national, regional, and local.</p> <p>Further, frequent coordination meetings were held to resolve any pertinent issues. The last coordination meeting was held on August 23, 2023, and Annual Thrompons coordination will also be conducted.</p>	<u>Partially Implemented</u> The recommendation is considered partially implemented because the technical committee was not formed to carry out proper technical assessment of cases before the Ministry or Thromde Tshogde make changes to TSP, which recommended in the report. <u>Further Course of Action</u> The MoIT should institute the Technical Committee with a clear TOR to provide technical and strategic recommendations before the Ministry/Thromde Tshogde.

Audit Report : Performance Audit Report on Urban Planning & Development in Thimphu Throm AIN : 16269 Date of Issue : 27 December, 2019 Name of Agency(ies) : Department of Human Settlement (DHS), Ministry of Infrastructure & Transport (MoIT), and Thimphu Thromde Responsible Agency : Department of Human Settlement No. of Follow-up Audit : 1						
Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
			Thromdes for implementation.			
4.5	Proper record-keeping and efficient monitoring should be instituted		<p><u>Implemented</u></p> <p>RAA appreciates the Ministry for carrying out the compliance and development reviews of two LAPs and coming out with the findings and recommendations. However, such reviews should be conducted timely and periodically as required under the LG Act.</p> <p>In the case of web-based inventory system, it is prepared and will be regularly updated as reported by the Ministry.</p> <p>In view of the above, the recommendation is considered implemented.</p>	June 2021	<p>During the follow-up audit, the RAA noted that the Department has developed the Correspondence Archival and Management System (CAMS) where all official correspondences are filed. All official letters are now filed electronically, and the Director assigns the letters to the relevant division for further action. The system is also targeted to monitor the Turnaround Time (TAT) once it is assigned to a particular staff.</p> <p>The Spatial Plan Inventory System (SPIS) was developed in 2021 where all spatial plans have been digitised. The system is targeted to bring all spatial plans in a GIS format, monitor sprawl as precincts are mapped and any change in the area can be monitored. The system is updated regularly depending on new requirements.</p> <p>The Compliance and Development Review of Simtokha and Dechencholing LAP has been completed by June 2021. The findings were presented to Thimphu Thromde and the Department and reports were shared with recommendations for actions to be taken.</p>	<p><u>Implemented</u></p> <p>A proper record-keeping and inventory system was developed for spatial plans. As a monitoring tool for urban developments, the Department carries out a Compliance and Development Review for human settlements. The review monitors overall urban developments of the settlement highlighting noncompliance issues, deviations, challenges, and implementation issues in urban development. The review also recommends appropriate planning interventions and administrative implementation of plans and regulations.</p> <p>In view of the above, the recommendation is considered implemented.</p>

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Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
					<p>The Department has followed up on the action taken report vide letter No.MoWHS/DHS/CDRD/Thimphu Thromde/2021-2022/2539 dated 27 August 2021.</p> <p>Bhutan Building Regulation was reviewed in 2023 and clear processes and procedures are laid down for construction and monitoring of deviations.</p>	
4.6	The Ministry and Thimphu Thromde should carry out a resource need assessment for timely execution of development activities		<p><u>Not Implemented</u></p> <p>While the response has been noted, the implementation of the recommendation shall be reviewed upon completion of review of TSP which has been extended till June 2023.</p> <p>Until such time, the recommendation shall remain not implemented.</p>	July 2020 to June 2023	<p>It was noted that a review of the Thimphu Structure Plan was completed and launched for adoption and implementation on 14th October 2023. The implementation and phasing were captured under part C of the report starting from page 417.</p>	<p><u>Implemented</u></p> <p>The recommendation is considered implemented because with the completion of the review of TSP, the resource needs assessment is also incorporated in the new TSP 2023-2048.</p>

Audit Report : Performance Audit Report on Urban Planning & Development in Thimphu Throm AIN : 16269 Date of Issue : 27 December, 2019 Name of Agency(ies) : Department of Human Settlement (DHS), Ministry of Infrastructure & Transport (MoIT), and Thimphu Thromde Responsible Agency : Department of Human Settlement No. of Follow-up Audit : 1						
Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
4.7	Deviations should be reviewed and reported to relevant authorities for necessary action		<p><u>Implemented</u></p> <p>Since the Ministry has carried out the compliance and development review of two LAPs and came out with the findings and recommendations, the audit recommendation shall be considered implemented.</p> <p>However, such reviews should be conducted timely and periodically as required under the LG Act.</p>	July 2020 to June 2021	During the follow-up audit, it was noted the deviations from the previous TSP, highlighted in the audit report, were not carried out by the Department as the planning development compliance mandate is transferred to the Bhutan Construction and Transport Authority after Civil Service reforms and re-organisation.	<p><u>Not Implemented</u></p> <p>The recommendation is considered not implemented as the deviations reported in the audit report were still not reviewed for necessary action.</p> <p><u>Further Course of Action</u></p> <p>The MoIT, in coordination with Thimphu Thromde, should review the deviations for necessary actions and institute measures to ensure that such deviations do not reoccur during the implementation of new TSP.</p>
4.8	The Ministry & Thimphu Thromde in consultation with relevant agencies should come up with action plan to address transportation issues		<p><u>Not Implemented</u></p> <p>While the response has been noted, the implementation of the recommendation shall be reviewed upon completion of review of TSP which has been extended till June 2023.</p>	July 2020 to June 2023	<p>Preparation of the Transportation Master Plan was completed and launched for adoption and implementation on 14th October 2023.</p> <p>Thimphu Thromde is carrying out the preparation of the Bhutan Green Transport Project to assess the technical, economic, financial, environmental, and social viability of the introduction of a high-quality bus priority service (low</p>	<p><u>Implemented</u></p> <p>The MoIT has developed a Low Emissions Transport Master Plan (LETMP) and initiated BGTP to improve transportation for the city of Thimphu.</p>

Audit Report : Performance Audit Report on Urban Planning & Development in Thimphu Throm AIN : 16269 Date of Issue : 27 December, 2019 Name of Agency(ies) : Department of Human Settlement (DHS), Ministry of Infrastructure & Transport (MoIT), and Thimphu Thromde Responsible Agency : Department of Human Settlement No. of Follow-up Audit : 1						
Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
			Until such time, the recommendation shall remain not implemented.		<p>carbon transport concept) along the main north-south corridor (Babesa to Dechencholing), and the pedestrianisation of Norzin Lam, in Thimphu.</p> <p>Thimphu Thromde in collaboration with MoIT has come up with a Low-emission Transport master plan (LMCP) and Bhutan Green Transport Project (BGTP) to improve transportation in the city. Additionally, Thromde in collaboration with Traffic Police, RBP, and Bhutan Construction and Transport Authority (BCTA) frequently conducts site visits to facilitate traffic and resolve transportation issues.</p>	
4.9	Housing affordability issue requires special attention		<p><u>Partially Implemented</u></p> <p>Since the work for implementation of Tenancy Act is underway, the recommendation shall remain partially implemented.</p> <p>In the case of effective monitoring and enforcement of regulations for conversion of residential</p>	July 2020 to June 2021	<p>In 2020, the Government of Bhutan approved its National Housing Policy which aims to promote adequate rental housing units, homeownership, public-private partnerships, and green and energy-efficient housing.</p> <p>In compliance with the Civil Service Reform Act, of 2022, the Ministry has reviewed the Tenancy Rules & Regulations. Additionally, the Tenancy Act was also reviewed while drafting the Housing Bill.</p> <p>Further, the Housing Division is established under DHS to coordinate and strengthen Housing issues. The Division takes the role</p>	<p><u>Implemented</u></p> <p>The recommendation is considered implemented based on the following:</p> <ol style="list-style-type: none"> i. Tenancy Rules and Regulations amended (2021) and made available on the website. ii. Monitoring mechanism has been instituted to ensure efficient implementation of housing policy. iii. The National Housing Policy of 2002 was revised in 2022 with an intent to provide safe, affordable, and adequate rental housing, and in line with the

Audit Report	: Performance Audit Report on Urban Planning & Development in Thimphu Throm
AIN	: 16269
Date of Issue	: 27 December, 2019
Name of Agency(ies)	: Department of Human Settlement (DHS), Ministry of Infrastructure & Transport (MoIT), and Thimphu Thromde
Responsible Agency	: Department of Human Settlement
No. of Follow-up Audit	: 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
			<p>units into commercial spaces, the Ministry carries out the compliance and development reviews of TSP and LAPs.</p> <p>However, such reviews should be conducted timely and periodically as required under the LG Act.</p>		<p>of a central agency responsible for urban affairs in the country by rules and regulations and implements provisions of the Tenancy Act and Tenancy Rules and Regulation as instructed by the Tenancy Authority.</p>	<p>policy, the Housing and Urban Affairs Division was established under the Department of Human Settlement to look after housing issues.</p> <p>iv. This also addressed in the Performance Audit of Housing-Affordability and Availability.</p>
4.10	Thimphu Thromde should enhance the sewerage treatment capacity		<p><u>Partially Implemented</u></p> <p>While RAA noted the constructions and operation of the sewerage treatment plants, the Thimphu thromde is urged to expedite approval of the sewerage master plan for Thimphu Throm.</p> <p>Until such time, the recommendation shall remain status quo.</p>		<p>It was noted that Thimphu Thromde, in collaboration with MoIT, has come up with the Thimphu Water Services master plan to address the current challenges and issues on urban services and utilities. Under section 5, Wastewater Master plan, the sewer network to be centralised with two primary treatment plants each on North and South of the city, which will support the demand of the growing population and city.</p>	<p><u>Implemented</u></p> <p>In addition to the enhancement carried out by Thimphu Thromde under various locations, the upgrades of the Sewerage Treatment Plants to meet the future demand are proposed in the Wastewater Master plan. This master plan has been incorporated into the TSP. Thus, the recommendation is considered implemented.</p>

Audit Report : Performance Audit Report on Urban Planning & Development in Thimphu Throm AIN : 16269 Date of Issue : 27 December, 2019 Name of Agency(ies) : Department of Human Settlement (DHS), Ministry of Infrastructure & Transport (MoIT), and Thimphu Thromde Responsible Agency : Department of Human Settlement No. of Follow-up Audit : 1						
Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
4.11	Issues with Construction of MLCP 1 and MLCP 2 should be properly addressed		<p><u>Not Implemented</u></p> <p>While the penalty for delays in construction of MLCP-1 & 2 has been waived off by the Lhyengye Zhungtshog vide letter no.C-3/66/2020/623 dated 8 July 2020 as per Ministry of Finance letter no. MoF/FS-35/2020-2021/1887 dated 7 August 2020, the decisions of Lhyengye Zhungshog for the same was not furnished to RAA.</p> <p>Further, Thimphu thromde has not recovered Nu.8,153,520.18 for its revenue losses due to delays in completion of the MLCPs that was worked out by RAA as of 30 June 2019 and thromde is yet to provide the missing documents as highlighted in the</p>		<p>While the penalty for delays in the construction of MLCP-1 & 2 has been waived off by the Lhengye Zhungtshog vide letter no.C-3/66/2020/623 dated 8 July 2020 as per Ministry of Finance letter no. MoF/FS-35/2020-2021/1887 dated 7 August 2020 and as per letter no: MoF/DNDF-ICGD/PPP/2023/130, the MoF conveyed that since the PPP Policy was not in place during the award of the MLCP-PPP Project, the PSC formed for the Project was considered the highest authority to decide for the Project.</p> <p>Further, to improve the inventory, the Thromde office is planning to map all the on-street and off-street parking lots in the GIS platform.</p>	<p><u>Partially Implemented</u></p> <p>Since the issues related to MLCP are reflected in the financial audit, the issues shall not be pursued further.</p> <p>However, regarding the issues related to maintaining the parking inventory, the recommendation shall remain partially implemented until the parking inventory is developed and implemented by the Thimphu Thromde;</p> <p><u>Further Course of Action</u></p> <p>The Thimphu Thromde should map all the on-street and off-street parking lots in the GIS platform to develop a parking inventory.</p>

Audit Report	: Performance Audit Report on Urban Planning & Development in Thimphu Throm
AIN	: 16269
Date of Issue	: 27 December, 2019
Name of Agency(ies)	: Department of Human Settlement (DHS), Ministry of Infrastructure & Transport (MoIT), and Thimphu Thromde
Responsible Agency	: Department of Human Settlement
No. of Follow-up Audit	: 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
			<p>observation no.3.2.13, sub observation i & ii of the audit report.</p> <p>Furthermore, Thromde has not responded/justified on the institution of a proper inventory for parking slots and thromde's minimal share from parking fees and other charges. Until such time, the recommendation shall remain status quo.</p> <p>Meanwhile, Thimphu Thromde should provide a timeline for the implementation of the recommendation.</p>			

EXHIBIT-C

**Follow-up Audit Report of Performance Audit Report on Road Maintenance
Works**

AIN: PAD-2024-12

Audit Report. : Performance Audit Report on Road Maintenance Works AIN : 16163 Date of Issue : 25 October, 2019 Name of Agency(ies). : Department of Surface Transport, Ministry of Infrastructure and Transport (MoIT) Responsible Agency : Department of Surface Transport No. of Follow-up Audit. : 1						
Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
4.1	The Department should develop a periodic maintenance plan that can aid in effective road management		<p>Implemented</p> <p>Erstwhile DoR has developed a periodic maintenance plan for the financial year 2020-2021. The 4th DoR quarterly meeting of 12th FYP held from 17 to 19 February 2020 decided to prepare a long-term periodic maintenance plan for 13th FYP as well using the data from the assets management system towards the end of 12th FYP.</p> <p>In view of the above, the recommendation is considered implemented. However, the Department, while preparing a long-term plan may take into consideration the chainage and location.</p>	1 Mar 2020-1 Jul 2020	<p>1) The Road Asset Management System (RAMS) has been an invaluable tool for DoST, consistently guiding the prioritisation of resurfacing proposals from regional offices over the years, and it was done from 2019 to 2022.</p> <p>2) In collaboration with ADB, DoST is currently developing a Master Plan for National Highways Connectivity. This plan includes a periodic maintenance plan, future budget forecasts, and assessments of price escalations due to the untimely restoration of damaged structures. These details will be extracted from the HDM-4 system software.</p>	<p>Implemented</p> <p>The recommendation is considered implemented based on the following:</p> <ol style="list-style-type: none"> i. The inventory for carrying out periodic maintenance is maintained. ii. A prioritisation system is instituted in the department for selecting roads for periodic maintenance. iii. Periodic maintenance is carried out as per the plan prepared based on the condition assessment derived from ROMDAS. iv. The budget for maintenance was proposed based on the maintenance plan and the maintenance activities are being carried out timely as per the annual work plan.

Audit Report. : Performance Audit Report on Road Maintenance Works AIN : 16163 Date of Issue : 25 October, 2019 Name of Agency(ies). : Department of Surface Transport, Ministry of Infrastructure and Transport (MoIT) Responsible Agency : Department of Surface Transport No. of Follow-up Audit. : 1						
Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
					3) DoST has put forth a proposal for the World Bank's upcoming ACESS project to develop an online, web-based Road Asset Management System. This system will not only serve as a repository for road infrastructure data but will also be capable of generating maintenance plans and tracking price escalations resulting from untimely interventions at necessary locations.	
4.2	The Department should strategise to improve efficiency in the restoration of monsoon damages		Implemented The Department has developed an SOP for monsoon damage restoration works in order to improve efficiency in road maintenance and same has been reported to have implemented from FY 2020-2021.	2020-2021	1) It was noted that an online system, KOBO Toolbox, has been implemented at DoST Head Office. This system records all Monsoon damages, along with their respective locations and the budget allocated for machine operations aimed at	Implemented The recommendation is considered implemented based on the following: i. The efficiency in the restoration of monsoon damages has improved. ii. The emergency response team is found to be efficient in responding to Road Emergency.

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Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
			In view of above, the recommendation shall be considered implemented. However, the compliance for the same will be verified during the RAA's routine audit.		<p>restoring road functionality. The database is periodically monitored and extensively utilised during post-monsoon damage assessments to estimate repair costs and prioritise urgent repairs.</p> <p>2) The developed Standard Operating Procedure (SoP) is currently in practice. MoIT emergency group in WhatsApp, updates the status of the roads by ROs twice a day (8:30 am and 6 pm) on Facebook.</p>	iii. The SoP is implemented and found to be effective.
4.3	The Department should maintain and analyse records of possible price escalation due to non-restoration of damaged structure on time		Implemented It was noted that the Department had carried out monsoon damages assessment for FY 2019-2020 and assured to carry out the same for FY 2020-2021.	2020-2021	During the follow-up audit, the RAA noted that KoboTool Box stores data spanning the past 2 to 3 years. This data includes information on the location and cost of repairs, enabling the tracking of price escalation in case monsoon damages reoccur in the same area during the next monsoon season.	Implemented The recommendation is considered implemented since records of possible price escalation are maintained and analysed.

Audit Report.	: Performance Audit Report on Road Maintenance Works
AIN	: 16163
Date of Issue	: 25 October, 2019
Name of Agency(ies).	: Department of Surface Transport, Ministry of Infrastructure and Transport (MoIT)
Responsible Agency	: Department of Surface Transport
No. of Follow-up Audit.	: 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
			<p>In view of the action taken and assurance provided, the recommendation is considered implemented.</p> <p>However, the Department may consider including the category code/ priority during the assessment.</p>		<p>Presently, DoST is also collaborating with ADB to develop a Master Plan for National Highways Connectivity. This effort aims to create a periodic maintenance plan, forecast future budgets, and calculate price escalations resulting from delayed structural repairs using the HDM-4 system software.</p> <p>DoST has also submitted a proposal for the upcoming World Bank ACCESS project, which focuses on establishing an online web-based Road Asset Management System. In the future, this system will not only facilitate the storage of road infrastructure data but will also enable the preparation of maintenance plans and the recording of price escalations due to delayed intervention strategies at crucial locations.</p>	

Audit Report. : Performance Audit Report on Road Maintenance Works AIN : 16163 Date of Issue : 25 October, 2019 Name of Agency(ies). : Department of Surface Transport, Ministry of Infrastructure and Transport (MoIT) Responsible Agency : Department of Surface Transport No. of Follow-up Audit. : 1						
Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
					The rate of deterioration was also assessed by the team and observed that there was no further damage reported at the site during the subsequent year.	
4.4	The Department should develop a comprehensive Information Management System		<u>Partially Implemented</u> The response has been noted. However, the Department until comes out with a comprehensive Information Management System, the recommendation shall remain partially implemented.	2020-2021	1) DoST has developed an in-house Google Sheet Road Asset Management System that records asset locations and construction costs. To enhance this system to a more advanced web-based platform, additional funds and expert resources are needed. 2) With support from the World Bank and ADB, DoST has acquired a survey vehicle and "ROMDAS" (Road Management Data Acquisition System) for collecting road data, including the International Roughness Index (IRI). This data is integrated into an offline GIS database and	<u>Partially Implemented</u> The recommendation is considered partially implemented due the following: <ul style="list-style-type: none"> i. The database for road assets is still maintained in MS Excel. ii. The list of maintenance activities for each year is recorded. iii. A comprehensive Information Management System on the road asset inventory is still under progress due to the non-availability of funds. <u>Further Course of Action</u> The DoST should develop a comprehensive Road Information Management System.

Audit Report.	: Performance Audit Report on Road Maintenance Works
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Date of Issue	: 25 October, 2019
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No. of Follow-up Audit.	: 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
					<p>will be used for future web-based system upgrades.</p> <p>3) DoST has submitted a proposal for the development of a web-based Road Information Management System under the new World Bank ACCESS project.</p> <p>4) JICA Experts, as part of the ongoing JICA TCP project "Capacity Development on Countermeasures of Slope Disaster on Roads in Bhutan," have created an offline GIS database system using road inventory collected through Google Spreadsheets and ROMDAS database. This existing database has been integrated into the system, and it will be continuously updated with changes and new data collected using ROMDAS.</p>	

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Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
					5) The ongoing JICA TCP project "National Spatial Data Infrastructure" and the World Bank project "Strengthening Risk Information for Disaster Resilience in Bhutan" have led to the development of an NSDI web portal and a DRM portal. Key officials from MD, DoST, as one of the primary agencies, have actively participated.	
4.5	The Department should develop a guideline/SoP for proper and effective coordination during emergencies		Implemented The recommendation shall be considered implemented since the Department has developed SOP/ Terms of Reference for coordination among relevant agencies during road emergency and the SOP/ToR was signed on 16 July 2021.	01 Dec 2020-30 Dec 2021	1) A guideline/Standard Operating Procedure (SoP) for ensuring proper and effective coordination during emergencies was developed and circulated via DoR/cE(Mtc.I I 2o2o-21 on July 16, 2021. 2) DoST in coordination with DLGDM through the ongoing World Bank Project "Strengthening Risk Information for Disaster	Implemented The recommendation is considered implemented since there is proper and effective coordination during emergencies. Further, Standard Operating Procedure (SoP) for ensuring proper and effective coordination during emergencies is practised and implemented during emergencies.

Audit Report. : Performance Audit Report on Road Maintenance Works AIN : 16163 Date of Issue : 25 October, 2019 Name of Agency(ies). : Department of Surface Transport, Ministry of Infrastructure and Transport (MoIT) Responsible Agency : Department of Surface Transport No. of Follow-up Audit. : 1						
Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
					Resilience in Bhutan" have developed the Inter-Ministerial Task Force (IMTF) on Disaster Risk Reduction Terms of Reference. 3) DoST has joined the Technical Working Group (TWG) responsible for the National Management and Contingency Plan.	
4.6	The Department should strengthen the internal control for hiring of machineries/equipment		Implemented While quantification of slip clearance works is found not possible, the Department has started using the kobo app and webforms for monitoring slip clearance works including the deployment of machines. The information such as expenditure incurred for slip clearance works including type of machines, duration engaged, rate, cost of	2020-2022	The RAA noted that the equipment deployment details at sites are reported daily via the KoboTool Box app. These reports are reviewed daily by the Department, and if any issues are found to be unsatisfactory, comments are provided to the Regional Office through email. Rates at sub-divisional level for tendering of hiring of machinery are invited. During emergencies, other nearby machines may be deployed at a negotiated rate but not exceeding the CDCL	Implemented Since internal control for the hiring of machinery is strengthened, the recommendation is considered implemented.

Audit Report. : Performance Audit Report on Road Maintenance Works AIN : 16163 Date of Issue : 25 October, 2019 Name of Agency(ies). : Department of Surface Transport, Ministry of Infrastructure and Transport (MoIT) Responsible Agency : Department of Surface Transport No. of Follow-up Audit. : 1						
Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
			<p>materials, labour and other resources, and pictures among others are captured.</p> <p>In view of the above, the recommendation shall be considered.</p>		<p>prevailing rate. Further, logbooks are signed by the operator and the site engineer.</p>	
4.7	The Department and ROs must ensure compliance with the prescribed standards for the maintenance of roads		<p><u>Not Implemented</u></p> <p>Since the Department is still in the process of reviewing the road maintenance standards and timeline provided for implementation of the recommendation is in the FY 2022-2023, the recommendation shall remain as not implemented.</p>	2020-2023	<p>Maintenance Division has instituted the following to ensure compliance to prescribed standards:</p> <ol style="list-style-type: none"> 1. Performance-based management contract (PBMS) – for routine maintenance; 2. SOP for Quality Assurance; 3. Inspection sheets; and 4. Monitoring team to provide assurance at the RO level. 	<p><u>Implemented</u></p> <p>The recommendation is considered implemented as Performance-based management system (PBMS) is used for routine maintenance; SoP, developed for quality assurance by the construction division, is used by the monitoring teams, and inspection sheets are maintained.</p>
4.8	The Department should standardise and strengthen its monitoring and supervision roles of routine maintenance works		<p><u>Implemented</u></p> <p>It has been reported that the Department is using the google sheets for submission of annual maintenance plan and reporting of monthly progress reports for maintenance of roads.</p>	2020-2021	<p>The existing online Google Sheets pertaining to routine maintenance have been circulated among site engineers for routine maintenance plan updates and have proven to be efficient and effective for monitoring purposes. A team from the Maintenance Division</p>	<p><u>Implemented</u></p> <p>There is an improvement in the monitoring and supervision of routine maintenance works.</p> <p>Based on the evaluation report 2023, the monitoring and evaluation conducted by the Division is found to be adequate and the plan to conduct such evaluation on an annual basis has been captured in the individual work plan.</p>

Audit Report.	: Performance Audit Report on Road Maintenance Works
AIN	: 16163
Date of Issue	: 25 October, 2019
Name of Agency(ies).	: Department of Surface Transport, Ministry of Infrastructure and Transport (MoIT)
Responsible Agency	: Department of Surface Transport
No. of Follow-up Audit.	: 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
			<p>Further, the Department has instructed ROs on the frequency of monitoring and inspection.</p> <p>In view of the above, the recommendation shall be considered implemented.</p>		<p>(MD), visited all sites to validate the plans and maintenance progress and a detailed report was presented and discussed at the Department level in September 2023. A team from MD also performed the monitoring of all the routine and monsoon restoration works carried out by all the ROs during the FY 2022-23, the evaluation report along with the recommendations was submitted and presented to DCC. To further enhance the process, DoST, led by the Maintenance Division, has created video recordings of all the National Highways. These recordings are extensively used to validate the plans submitted by Regional Offices.</p>	<p>Further, the implementation of the annual routine and emergency plans are reviewed by the Maintenance Division through Google sheet. The Division is currently planning to develop SoP on the Routine and emergency works where such monitoring and evaluation shall be strengthened.</p> <p>In view of the above, the recommendation is considered implemented.</p>

EXHIBIT-D

**Follow-up Audit Report of Performance Audit Report on Ex-country Travels
(Short-Term Trainings)**

AIN: PAD-2024-15

Audit Report : Performance Audit Report on Ex-country Travels (STTs) AIN : 16772 Date of Issue : 29 September 2020 Name of Agency(ies) : Royal Civil Service Commission Responsible Agency : Royal Civil Service Commission No. of Follow-up Audit : 1						
Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
4.1	<p>RCSC should develop a roadmap for development and implementation of CBF across agencies</p> <p>The CBF initiative is a huge task initiated by RCSC in their efforts to move towards a more structured and exhausted approach of capacity development in the civil service. The framework is expected to assist agencies in envisioning definite and coherent skill requirements to enhance various human resource functions, particularly in areas such as Performance Management, Succession Planning, Talent Management and Career Progression. Since the launch of the initiative in 2018, the RCSC has been able to develop CBF in respect of 30 positions covering larger proportion of civil service. The remaining 146 positions are stated to be pursued through Annual Performance Agreements (APA) and Annual Performance Targets (APT) of agencies. Given the potential of CBF initiative in addressing numerous issues basically emanating from</p>		<p>Implemented</p> <p>Since the RCSC had developed the roadmap with a definite timeline for completing the development of CBF for all agencies, the recommendation shall be considered implemented.</p> <p>However, RCSC should ensure that CBF for all the agencies is developed as per the timeline provided and implemented accordingly. The compliance to this will be verified in the due course of time.</p>	15 Dec 2020	<p>The RAA noted that all Human Resource Development (HRD) interventions, both Short Term Training (STT) and LTT (Long Term Training) were based on mandatory and critical training identified under the Competency-Based Framework (CBF).</p> <p>Prioritisation of training from the list of training identified in the CBF was also done annually by the departments/agencies concerned in consultation with the HR Division/Services. Currently, the STT for all positions without CBF is approved by the HRC of the agency concerned.</p> <p>CBF current status</p> <p>With the recent transformation/reform exercise, the total positions have decreased from 234 to 181. As such, 105 CBFs are required to be developed for</p>	<p>Implemented</p> <p>The roadmap for the development of CBF is developed with the timeline to complete the CBF development by 2024-2025.</p> <p>Regarding the implementation of the CBF, the RCSC and agencies have aligned their short-term training with the CBF (approved CBF) and others are implemented as per the critical requirement based on the HRC of the agency concerned.</p> <p>As such, the recommendation is considered implemented.</p>

Audit Report : Performance Audit Report on Ex-country Travels (STTs) AIN : 16772 Date of Issue : 29 September 2020 Name of Agency(ies) : Royal Civil Service Commission Responsible Agency : Royal Civil Service Commission No. of Follow-up Audit : 1						
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	<p>inconsistent practices of administering STTs across agencies, there is a need for RCSC to expedite the development and implementation of the framework. To realise this, it is imperative that RCSC develop a clear roadmap delineating definite timeline for completing the development of CBF for all agencies.</p>				<p>181 positions. Out of 105, 55 CBFs had been developed for 117 positions.</p> <p>12 CBF development for 16 positions and 12 CBF development for 14 positions were under progress. Further, 26 CBFs for 34 positions are planned during the 13th FYP.</p> <p>It was also noted that final drafts of 12 CBFs for 14 positions have been received by RCSC for further submission to the commission for approval.</p>	
4.2	<p>Need for Annual HRD plans should be reinforced and effectively implemented</p> <p>BCSR 2018 requires the Government agencies to identify the critical HRD requirements based on the strategic HRD Plan and Annual HRD plan. The RAA noted that 11 out of 12 audited agencies have not developed the Annual HRD plans. Without the annual HRD plans, it is clear that</p>	<p>1.The RCSC should require all the agencies to develop annual HRD plans for implementation of HRD activities; and</p> <p>2.The RCSC as a nodal agency should beef up monitoring and evaluation mechanism to ensure uniform practices and</p>	<p>Implemented</p> <p>RCSC has asked the agencies to prioritise and submit the critical HRD requirements based on the definite funds and in line with CBF for the commission’s approval. Further, RCSC has developed an SOP for</p>	15 December 2020	<p>It was noted that RCSC has established a procedural framework (Annual Priority Exercise) for agencies to develop annual HRD plans, which are stated as follows:</p> <p>1. First, RCSC communicates with the agencies regarding the submission of critical HRD plans and priorities for the upcoming fiscal year long with a prescribed template.</p>	<p>Implemented</p> <p>Prioritisation of Critical HRD requirements (Annual Priority Areas for both LTT & and STT irrespective of the funding sources) for annual budgeting has been made a mandatory requirement. This has been proposed in line with capacity gaps identified in the CBF (for the positions with approved CBF).</p> <p>Critical requirements (for the agency without CBF) are analysed and</p>

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	<p>there is no basis for prioritisation of HRD requirements. Further, the agencies do not carry out training needs analysis, resource mapping and impact assessment. Therefore, the RAA recommends the following actions for effective and efficient HRD planning:</p>	<p>application of rules and regulations in implementing STTs and capacity development activities across agencies.</p>	<p>HRD fund review and approval in collaboration with MoF and GNHC and is being implemented as well. However, in the case of monitoring and evaluation for uniform practices and application of rules and regulations by the implementing agencies, the RCSC should take care during the HR auditing.</p> <p>In view of the above, the recommendation is considered implemented.</p>		<p>2. Agencies then submit their finalised plans and priorities within the designated timeframe. 3. RCSC reviews the plans submitted by the agencies at different levels.</p> <p>The RAA also noted that RCSC has instituted processes for ad-hoc HRD proposals for funding support from RGoB, Projects, and the GoI PTA project. There are various parameters used for HRD proposal review, consolidation, and prioritisation.</p> <p>Further, an HR Compliance audit is being carried out periodically by RCSC to ensure compliance and uniform application of provisions of the CSAB 2010, and BCSR across the Civil Service as part of the Monitoring and evaluation mechanism.</p>	<p>submitted for the commission's approval.</p> <p>As per the BCSR 2023, the HRD interventions shall be guided by the Leadership Competency Framework & CBF and then implemented through the Annual Priority Exercise/Five-Year Strategic HRD Plan.</p> <p>Further, annual priority exercises are found to be implemented. The periodic HR compliance audit is also carried out to ensure uniform practices among the agencies.</p> <p>Thus, in view of the above, the recommendation is considered implemented.</p>

Audit Report : Performance Audit Report on Ex-country Travels (STTs) AIN : 16772 Date of Issue : 29 September 2020 Name of Agency(ies) : Royal Civil Service Commission Responsible Agency : Royal Civil Service Commission No. of Follow-up Audit : 1						
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4.3	<p>Agencies should exercise prudence in executing STTs</p> <p>The RAA noted many cases of training availed by officials whose job responsibilities have no relation to the training availed by them. In other cases, many different position levels attend the same training, and, in some cases, the same officials were seen availing the same training again and again. Further, many cases were noted where HRC approvals were not sought or were sought, at a later date, after completing the STT. These cases clearly indicate lack of prudence in the nominations and approval process by the HRCs in the agencies.</p> <p>Further, the BCSR 2018 requiring the civil servant to travel by the most direct and economic route was not adhered to by the agencies. It was also noted that there was no cost-benefit analysis conducted for availing STTs in the country vis-à-vis in foreign countries. Thereby leading to availing of STTs which were offered by the local institutions from institutes in</p>	<p>All HRD related matters should be initiated through a formalised process involving HR Divisions of agencies to support capacity building of agencies that addresses the actual gap;</p> <p>The selection of training course and officials should be guided by capacity gaps identified and relevance to current jobs;</p> <p>There is a need for specific guidelines for selection of training institutes, both within and outside the country in order to rationalise the expenditure as well as quality of training;</p> <p>Develop a procedure to ensure HR</p>			<p>During the follow-up audit, the RAA found that all the HRD-related matters of the agencies were endorsed by the Human Resource Committee for the trainings that are identified in the annual plans. Such training programs were also aligned with the Competency-Based Framework (CBF).</p> <p>Capacity-building programs related to positions, for which CBFs are not developed, were conducted based on critical requirements submitted annually to RCSC. The capacity gaps and relevancy were guided by the CBF and the compliance for such is checked during the HR compliance audit.</p> <p>However, it was noted that there is no formalised process developed to address situations where trainings are availed without management’s notice or individual officials receiving</p>	<p>Implemented</p> <p>The recommendation is considered implemented based on the following:</p> <ol style="list-style-type: none"> i. HRD matters for agencies outlined in HRD plans are processed through the agencies' HR division; ii. However, situations, where training programs availed without management awareness or individual officials receiving offers without the notice of the office, are still a challenge for agencies to monitor. In order to curtail such cases, BCSR 2023 stipulates that a civil servant attending STT shall be relieved from office only after completing the due process and shall not take any form of leave to attend STT; iii. HRD plans/annual priority exercises are implemented as per the HR Manual; iv. The selection of courses is guided by critical requirements and the capacity gaps identified in the CBF; v. The assessment of the training institutes is being carried out by RCSC; vi. ZEST manages and maintains the documentation for STT after the

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	<p>foreign countries at a higher cost. Likewise, agencies have not explored online learning resources for wider reach and cost-effectiveness. Similarly, the frequency of travel outside the country for STTs was found not rationalised. The travel frequencies were as high as 14 times in the financial year 2018-19. The officials who availed the highest number of STTs in that year were from executive positions, who have critical roles in the organisation on a daily basis.</p> <p>As stipulated in the BCSR 2018, it is the responsibility of the HR Division and the HRC to rationalise STTs to ensure cost-effectiveness, reasonableness in the frequency of travel and undisrupted service delivery. To address these lapses and varying practices, the RAA recommends for following actions to be implemented by the audited agencies:</p>	<p>Divisions maintain a proper database of officials and STTs to ensure relevant nominations;</p> <p>The agencies should develop a procedure to ensure that the most direct route is selected for official travels outside the country as per the provisions of the BCSR 2018. In fact, HRC should consider selecting the most direct route as one of the criteria.</p> <p>The RCSC should encourage agencies to avail trainings within the country to the maximum extent possible. For which, the agencies should be made to conduct cost-benefit analysis on STTs to avail the quality training at</p>			<p>offers without routing through the HRC.</p> <p>Further, it was noted that RCSC ensures the requirements of STT is carried during the annual priority exercises and are aligned to CBF for each position. In the absence of CBF, the agencies are required to submit based on critical requirements.</p> <p>Additionally, the credibility of the proposed training institute for STT was assessed by the ratings on their official websites.</p> <p>Feedback from respective agencies through their affiliation with training institutes and the participants who had attended the same training were also sought during the assessment process.</p> <p>After the launch of Zhiyog Electronic System (ZEST),</p>	<p>nominations were approved by HRC. The reports of all STTs attended by officials in an agency can be generated from ZEST to ensure relevant nominations;</p> <p>vii. The agencies had considered the direct and economical routes for travel outside the country while procuring air tickets;</p> <p>iii. The prioritisation of HRD proposals is determined by considering the availability of courses within the country;</p> <p>ix. The RCSC has taken initiatives to encourage agencies to avail online or e-learning courses; and</p> <p>x. Learning Management System for the Civil Service will be rolled out and implemented in ZEST.</p>

Audit Report : Performance Audit Report on Ex-country Travels (STTs) AIN : 16772 Date of Issue : 29 September 2020 Name of Agency(ies) : Royal Civil Service Commission Responsible Agency : Royal Civil Service Commission No. of Follow-up Audit : 1						
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		<p>lower cost in the country; and</p> <p>The RCSC should recommend and encourage the agencies to tap online learning resources.</p>			<p>all the STTs processed or availed are updated in ZEST. The system also enables individual-wise or agency-wise report generation for STTs for informed decision making in terms of nominations.</p> <p>After the HRC approves the short-term training nominations, HRD issues the ZEST-generated letter of award, for which the HRD is required to upload all the relevant STT documents (Offer/Confirmation letter, proof of funding, course content/schedule).</p> <p>The STT details were recorded and also reflected in the individual's CV. When the HRD submits the next STT proposal received for the HRC's approval, focal HR officials can review the frequency, training obligations, and if similar training has been attended in</p>	

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					<p>the past from the individuals' CVs.</p> <p>It was noted that purchase of air tickets is done by the Procurement Committee and in the terms & conditions of the tender, the bidders are instructed to quote for most direct and economical route.</p> <p>The RAA also noted that agencies submit their finalised HRD plans and priorities to the RCSC within the designated time frame. The compiled lists were reviewed by RCSC to see whether the courses are available within the country.</p> <p>Further, RCSC had issued a notification on rationalising HRD spending for RCSC-administered/ funded in-country STT programs vide letter No.RCSC/HRD-C3/2022/4305 dated 16 May 2022 to all the agencies in ensuring greater efficiency</p>	

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					<p>and resource savings in the HRD initiatives.</p> <p>In terms of online training, RCSC had developed and implemented the guidelines for short-term training using e-learning modalities and approved to recognise e-learning programs as in-country STT.</p> <p>Additionally, RCSC had introduced an online learning and development platform “Mind Tools” for a period of a year for strengthening management, leadership, and personal excellence skills in the civil service.</p> <p>It was noted that Learning Management System for the Civil Service will be rolled out and implemented in ZES. Learning Management System [LMS in ZES] is based on Competency-Based Framework (CBF) and Leadership Capability Framework (LCF).</p>	

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					As per BCSR, a variety of HRD strategies and programs shall be implemented to enhance civil servants' competency, which will include blended learning and e-learning.	
4.4	<p>Guidelines should be developed for regulating delegation, institutional and monitoring visits and travels for visa processing</p> <p>Currently, there are no guidelines or standard protocol in place for delegation, institutional and monitoring visits, and travels for visa processing. The RAA also noted that agencies follow varying practices to travel for processing visas from other countries.</p> <p>In absence of aforementioned guideline or standard protocol, there is no basis to regulate nominations, and expenditure for such tours performed by officials. The RAA recommends the following actions to bring more clarity and uniformity in regulating delegations, institution and</p>	<p>1. The Ministry of Foreign Affairs, as a designated authority for regulating delegations representing the country, should develop a guideline for the administration of delegations for uniform implementation.</p>	<p><u>Partially Implemented</u></p> <p>The response has been noted. However, the recommendation shall remain partially implemented until the guideline is approved and implemented accordingly.</p>	15 Dec 2020	<p>The RAA noted that Ministry of Foreign Affairs and External Trade (MoFAET), as a designated authority for regulating delegations representing the country, had developed a guideline and submitted it to the cabinet for approval.</p> <p>As per the directives of the 96th Lhengye Zhungtshog held on 6 July 2021, the Ministry was directed to revisit the guidelines on eligibility criteria and procedure for processing nominations for high-level official delegations.</p>	<p><u>Partially implemented</u></p> <p>The Ministry has developed and submitted the guideline to the Cabinet for approval.</p> <p>Unless the guideline is approved and issued for implementation by the agencies, the recommendation shall be partially implemented.</p> <p><u>Further Course of Action</u></p> <p>The RCSC should ensure the MoFAET issues guidelines on the eligibility criteria and procedures for processing nominations for delegations to ensure uniformity in application.</p>

Audit Report : Performance Audit Report on Ex-country Travels (STTs) AIN : 16772 Date of Issue : 29 September 2020 Name of Agency(ies) : Royal Civil Service Commission Responsible Agency : Royal Civil Service Commission No. of Follow-up Audit : 1						
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	monitoring visits and travel for visa processing.					
		<p>2. The MoE and MoLHR should develop specific guidelines for institutional and monitoring visits made by officials specifically prescribing eligibility, frequency and reporting to ensure uniform implementation throughout.</p>	<p>Implemented</p> <p>Since the guideline for regulating delegation, institutional visit, and visa processing has been developed and copy shared with RAA, the recommendation is considered implemented.</p> <p>However, the implementation of the above guideline will be verified in the due course of time.</p> <p>Partially Implemented While RAA appreciates MoLHR for coming out with the guideline for institutional and monitoring visits, the guideline so</p>		<p>Although the then Ministry of Education (MoE) and Ministry of Labour and Human Resource (MoLHR) had developed specific guidelines for institutional and monitoring visits, the guidelines do not prescribe any eligibility, frequency, or reporting to ensure uniform implementation and it does not address the intent of recommendation provided by the RAA.</p> <p>However, with the implementation of HRD plans aligned to CBF, the RAA found that the guidelines were not required as the STT proposal and budget for STT were strictly regulated by RCSC and such visits were considered only if they are deemed critical.</p> <p>It was also noted that there were no such travels made</p>	<p>Implemented</p> <p>This sub-recommendation is considered implemented since such STTs are restricted by RCSC with the implementation of HRD plans/annual priority exercises.</p>

Audit Report : Performance Audit Report on Ex-country Travels (STTs)
AIN : 16772
Date of Issue : 29 September 2020
Name of Agency(ies) : Royal Civil Service Commission
Responsible Agency : Royal Civil Service Commission
No. of Follow-up Audit : 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
			<p>developed seems to be inadequate. It has not mentioned the size of the group and eligibility of the officials nominated.</p> <p>It was noted that the agencies were making annual monitoring and inspection visits in a group of two or more officials. It is not clear how the size of the team and the frequency of the visits are determined. Further, there is no clarity on the requirement to submit the monitoring report and there was no record of intervention initiated by the agencies based on the visits.</p> <p>There were instances of officials nominated although the purpose of the visit was not</p>		<p>during the review period by the agencies concerned.</p>	

Audit Report : Performance Audit Report on Ex-country Travels (STTs)
AIN : 16772
Date of Issue : 29 September 2020
Name of Agency(ies) : Royal Civil Service Commission
Responsible Agency : Royal Civil Service Commission
No. of Follow-up Audit : 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
			<p>related to their job responsibilities.</p> <p>It was also noted that the officials were merely nominated based on the availability of funds and on the frequency of their travels, oftentimes ignoring the significance of one’s participation in the event.</p> <p>As such, the MoLHR should develop a clear guideline specifying the eligibility, frequency and reporting to ensure uniform implementation.</p> <p>Until such time, the recommendation shall remain partially implemented.</p>			

Audit Report : Performance Audit Report on Ex-country Travels (STTs) AIN : 16772 Date of Issue : 29 September 2020 Name of Agency(ies) : Royal Civil Service Commission Responsible Agency : Royal Civil Service Commission No. of Follow-up Audit : 1						
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		<p>3. The RCSC should develop Standard Operating Procedures to regulate the travel undertaken for processing Visas from other countries to rationalise the cost borne by the government and also to ensure standard practice in all agencies.</p>	<p><u>Partially Implemented</u></p> <p>It has been noted that the Ministry of Finance (MoF) is taking steps to develop comprehensive travel rules and regulations for civil servants which shall also include financial rules and duration specifications related to visa processing for all ex-country visits.</p> <p>It's important that these travel rules and regulations are developed and implemented in a timely manner so that civil servants can have a clear understanding of the guidelines. Until such time, the observation shall</p>		<p>The RAA, during the field review, noted that RCSC has not developed a Standard Operating Procedure (SOP) for regulating the travel undertaken for processing visas from other countries to rationalise the cost borne by the government and also to ensure standard practice in all agencies.</p> <p>The provision in the BCSR 2023 is also generic, which will again lead to varying practices among the agencies.</p>	<p><u>Not Implemented</u></p> <p>The SoP for undertaking travels for processing visas has not been yet developed.</p> <p><u>Further Course of Action</u></p> <p>Until the Ministry of Finance establishes and implements travel rules and regulations, the RCSC should develop a SoP for managing travel related to visa processing from foreign countries. This SoP would serve as a comprehensive guideline applicable to all agencies.</p>

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			remain partially implemented.			
4.5	<p>Budgetary controls should be strengthened by MoF (MoF)</p> <p>A comparison of the Approved Budget Appropriations with the Releases for the fiscal year 2018-2019 for the 12 agencies, revealed significant increase in revised budget in all the 12 agencies indicating deficiencies in the budgeting process and budget planning in these agencies. It was noted that there is no clear procedure in place for review and allocation of budget for mandatory travels. Coordination between relevant agencies are seen lacking to rationalise budgets for donor funded STTs. Many instances of re-appropriation and diversion of funds from other activities to HRD activities were noted, consequently resulting in 'rush of expenditure'</p>	1.The MoF should strengthen a budgeting procedure in line with the CBF for STTS.			<p>The RAA found that in FY 2020-21, the erstwhile DNB redefined OBC 45.01 (training related to civil servants both STT and LTT irrespective of in-country or ex-country) and 45.02 (informal training such as farmers orientation, mask dancers training etc.). The agencies were accordingly informed and sensitised on the difference between the two OBCs.</p> <p>Following this, SoP for HRD fund approval process was developed in collaboration with RCSC and erstwhile GNHC and approved for implementation as per the 113th commission meeting by RCSC on November 2, 2021.</p>	<p><u>Implemented</u></p> <p>The recommendation is considered implemented as MoF had enhanced the budgeting procedure, aligning with the Competency-based Framework for Short term Training.</p>

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	towards the end of the financial year. In this regard the following recommendations are provided:				With the help of the guidelines, the budget allocation process for HRD programs (whether ongoing or new) has not only become systematic but has led to a substantial decrease in the budget for 45.01 due to its requirement to align any HRD proposals to the agencies' CBF and overall national HRD priorities.	
		2. The MoF should develop a clear protocol of coordination with the GNHC and RCSC to discuss and rationalise the HR budget for donor-funded STTs for all agencies.	Implemented A SoP has been developed in consultation with RCSC and GNHC and all three agencies have agreed that the HRD fund allocation to agencies for the civil service has been tied with the RCSC. Because of the above the recommendation shall be considered implemented.		During the follow-up audit, the RAA noted that a SoP for HRD fund review and approval was developed by a team consisting of representatives from RCSC, erstwhile GNHC, and MoF. The SOP has laid out procedures in reviewing and rationalising the HR budget in line with the CBF irrespective of the funding. Impact of HRD budget rationalisation: It was noted that during FY 2022-23, the budget for HRD	Implemented The MoF had developed a clear protocol of coordination with the erstwhile GNHC and RCSC, and rationalised the HR budget proposal for donor-funded STTs for all agencies. As such, this sub-recommendation is considered implemented.

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					under RGoB has decreased to Nu. 158.293 million from Nu. 207.739 million in FY 2021-22.	
		3. The MoF should ensure agencies develop realistic Budget Utilisation Plans or other appropriate mechanisms and effectively implement the same to avoid re-appropriation and diversion of funds at a later stage.	<u>Implemented</u> Since the implementation and roll-out Budget Monitoring Tool (BMT) has been initiated, the recommendation shall be considered implemented. However, the compliance will be verified during the RAA's routine audit.		The RAA observed that from FY 2022-23, the Department of Planning, Budget and Performance (DPBP) has put restrictions on OBC 45.01 at the agency level in order to ensure that there is no diversion of funds to and from the OBC.	<u>Implemented</u> The MoF had ensured the budget diversion restriction from OBC 45.01 to avoid re-appropriation and diversion of funds.
		4. The MoF should strengthen the periodical monitoring and evaluation of the financial performance and implementation of activities.	<u>Implemented</u> As per the fund release guideline 2022, the utilisation of funds shall be monitored by DPA periodically through financial or physical verification in		The RAA noted that Budget Release Forecast has been developed and implemented to strengthen the periodical monitoring and evaluation of the financial performance and implementation of activities and to avoid re-appropriations and diversions of fund.	<u>Implemented</u> The MoF had strengthened the periodical monitoring and evaluation of the financial performance and implementation of activities.

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			<p>collaboration with the relevant agencies.</p> <p>Given the above, the recommendation shall be considered. However, the compliance will be verified during the RAA's routine audit.</p>		<p>While MYBR is an annual mid-year monitoring exercise, for FY 2023-24, DPBP has developed and circulated a framework for mid-year budget review that will capture a progress/status on the non-financial information as well.</p>	
4.6	<p>The RCSC should strengthen HRD information and documentation system</p> <p>On review of the HRD documentation system in the 12 agencies, there were varying practices in maintenance of HRD related documents. The RAA noted the absence of comprehensive and up-to-date records of HRD activities in CSIS, the process of rationalising frequency of travel, selection of candidates, planning of HRD activities, vital for informed decision making in HR actions. In a few agencies, the RAA noted incomplete or missing important documents like mandatory</p>	<p>1. The RCSC should develop mechanisms to ensure HR officials to efficiently record all required information in the new CSIS system as well as to hold them accountable in the event of failing to maintain and upkeep the system.</p>	<p>Implemented</p> <p>While there is a system in place for timely recording and updating of information, roles and responsibilities, the RCSC should ensure that proper updating and documentation culture is practiced across all the agencies during the HR audit.</p> <p>In view of the above, the recommendation shall be considered implemented.</p>		<p>It was noted that with the enhancement of the CSIS system to ZESSt in 2020, all the HR actions are required to be processed and recorded through ZESSt.</p> <p>HR actions and approval processes are integrated into the system. This has helped in complying with BCSR requirements such as maintaining training gaps and the standard practice of maintaining HR-related documents across all the agencies.</p> <p>All the HROs and HR/Adm have been adequately trained in the use of each module of</p>	<p>Implemented</p> <p>The HRD Information and documentation system is enhanced through the ZESSt and DMS.</p> <p>The HR Audit division ensures that the proper process for rationalising the frequency of travel, selection of candidates, and proper documentation culture is practiced in all agencies. Thus, the recommendation is considered implemented.</p>

Audit Report : Performance Audit Report on Ex-country Travels (STTs)
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Date of Issue : 29 September 2020
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Responsible Agency : Royal Civil Service Commission
No. of Follow-up Audit : 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
	clearances and HRC meeting minutes. In this regard, the following recommendations are provided.	The RCSC, while carrying out the HR audit of agencies, should ensure proper documentation culture is practiced in the agencies.	However, compliance to this will be reviewed and verified in the due course of time.		<p>ZES with clear responsibilities of the agency users and the approving authority for each HR Action.</p> <p>The personal files are now digitised using the Documentation Management System (DMS).</p> <p>Further, RCSC, while carrying out the HR compliance audit of agencies also ensures compliance with BCSR in terms of HR actions and implementation, information updates, documentation, and relevancy of training. The HR audit is carried out once in 2 years.</p> <p>The HR officials or HR Committee were held accountable for lapses in the event of failing to maintain and upkeep the system as evident through the decision of the commission's meeting.</p>	

EXHIBIT-E

**Follow-up Audit Report of Performance Audit Report on Implementation and
Management of National Broadband Fiber Network**

AIN: PAD-2024-16

Audit Report : Performance Audit Report on Implementation and Management of National Broadband Fiber Network AIN : 16761 Date of Issue : 7 September 2020 Name of Agency(ies) : GovTech Agency, Bhutan Power Corporation Ltd., and Bhutan InfoCom & Media Authority Responsible Agency : GovTech Agency No. of Follow-up Audit : 1						
Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
4.1	<p>DITT should revise the existing agreement</p> <p>The RAA noted that the agreement between RGoB and BPCL for implementing national broadband masterplan implementation project and O&M of National OPGW/ADSS assets, 2011 needs to be segregated as it consists of both the implementation and operational aspects which lacked clarity. This had led to lapses in management of project funds, O&M funds and depreciation funds. Therefore, DITT should review and revise the current agreement to ascertain the validity of the existing clauses and incorporate new clauses. There is also a need to provide clarity on the issue of ownership and sustainability of the fiber assets as the stakeholders are made to contribute towards the maintenance of the national fiber infrastructure.</p> <p>DITT should also develop a separate SoP for the management of O&M funds including controls such as format for financial report, frequency of financial reporting,</p>		<p>Implemented</p> <p>It has been noted that the agreement between DITT and BPCL was signed on 6 January 2022. Further, SOPs and guidelines were developed for O&M, depreciation and third-party damage and realignment costs.</p> <p>In view of the above, the recommendation is considered implemented.</p>	30/06/23	<p>The GovTech Agency, erstwhile the Department of Information Technology and Telecom (DITT) has revised the initial agreement signed between DITT and BPCL on 30th September 2011.</p> <p>The new amendment agreement was signed between DITT and BPCL on 6th January 2022 focusing on the revision of O&M rates from 2.1% of the capitalised asset value to 2.5%. The agreement also agreed to review and revise the O&M rates every three years based on the requirement to provide reliable services. On mutual consent, the agreement can be revised/amended as per the initial clause agreed between the two parties.</p> <p>The DITT and BPCL also developed and instituted SoP for the management of Depreciation funds and O&M funds.</p> <p>The guidelines on third-party damage compensation and re-alignment cost recovery for fiber</p>	<p>Implemented</p> <p>The GovTech Agency has amended the agreement to include the revised O&M rate to 2.5% and segregated the O&M and Depreciation funds.</p> <p>Further, as recommended, a SOP has been developed for the management of Depreciation and O&M funds and guidelines for third-party damage compensation have been developed and instituted.</p> <p>Therefore, the recommendation is considered implemented.</p>

Audit Report : Performance Audit Report on Implementation and Management of National Broadband Fiber Network AIN : 16761 Date of Issue : 7 September 2020 Name of Agency(ies) : GovTech Agency, Bhutan Power Corporation Ltd., and Bhutan InfoCom & Media Authority Responsible Agency : GovTech Agency No. of Follow-up Audit : 1						
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	<p>tracking, etc. Similarly, DITT should develop SoP for the management of depreciation fund. A SoP should also be developed for collecting penalties and compensation pertaining to fiber optic cable.</p> <p>Moreover, while revising the agreement, DITT, in collaboration with BPCL, should review the existing cost components and rework on the percentage of O&M fund considering the contextual situation in the ground and in Bhutan.</p>				optic assets were developed and are followed by BPC.	
4.2	<p>BICMA should strengthen its regulatory functions</p> <p>The Information Communications and Media Act of Bhutan 2018 provides BICMA with a mandate to</p> <ul style="list-style-type: none"> -maintain and promote competition for the ICT services market, -regulate infrastructure sharing, -protect consumers of ICT services by monitoring tariff and quality of ICT services, 				<p>Based on the consultant’s Cost Model developed in 2021 for T-Cell, the BICMA has developed a Cost Model for both B-Mobile and T-Cell in 2023 and the tariff for mobile Voice and SMS was lowered and the two telcos have implemented accordingly. Further, BICMA has worked on reducing the interconnection charges between the two mobile operators.</p> <p>The RAA has reviewed the Tour Report on fiber network infrastructure that the BICMA has carried out monitoring of</p>	<p><u>Implemented</u></p> <p>As recommended, the RAA noted BICMA making commendable efforts through periodic monitoring of fibre network, Internet leased-line services, quality assessment of mobile services, tariff implementation by the telcos in order strengthen its regulatory functions.</p> <p>Hence, the recommendation is considered implemented.</p>

Audit Report : Performance Audit Report on Implementation and Management of National Broadband Fiber Network AIN : 16761 Date of Issue : 7 September 2020 Name of Agency(ies) : GovTech Agency, Bhutan Power Corporation Ltd., and Bhutan InfoCom & Media Authority Responsible Agency : GovTech Agency No. of Follow-up Audit : 1						
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	<p>-set standards for ICT services,</p> <p>-ensure universal access to all ICT services at affordable rates</p> <p>However, the RAA observed that while the regulatory framework for the management of telecommunications and ICT services are adequately provided in the ICM Act, there is a limited enforcement of these provisions by BICMA. Thus, there is a need to enhance the visibility of BICMA’s role in the regulation of the national broadband fiber network and strengthen its regulatory functions and monitoring mechanisms. These may include extending the assessment of quality of services across the country, implement strategies to ensure affordable telecommunication & ICT services and to promote competitive ICT market.</p>				<p>fiber network infrastructure including the fiber network infrastructure sharing for all 20 Dzongkhags. Recommendations were provided for further course of action.</p> <p>Through such monitoring, the BICMA is in the process of amending the telecommunication tariff order (after several consultations, the tariff order will be published by early January 2024), where there will be a reduction in ceiling tariff for leasing of dark fiber and domestic leased circuit(P2P).</p> <p>The Mobile Voice, SMS and Data Tariff implementation is monitored by BICMA and the Quarterly Tariff Implementation monitoring reports are issued. The reports were issued from the 4th quarter of 2021 and the latest report was the 3rd quarter of 2023 (July-September). Until now, the tariffs implemented by the telcos were found as prescribed and no issues were found.</p>	

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					<p>Internet Leased Line services provided by ISPs were monitored in 6 eastern dzongkhags which included monitoring the cost of bandwidth subscription as approved by BICMA. On October 17-24, 2023, three Dzongkhag’s leased line connection was monitored and the internet speed and latency were also assessed.</p> <p>With regard to the quality of mobile services, BICMA initially procured mobile network drive test equipment with Network Quality Data Investigator (NQDI) in year 2018 and using this equipment, the quality of the mobile network was monitored across the country and published a report on their website as well as shared with mobile network operators seeking justification wherever there is mobile network issue as a follow-up action for findings made during the monitoring.</p> <p>Regarding the awareness program, BICMA orchestrated an extensive awareness</p>	

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					<p>campaign spanning all 20 districts, commencing in Dagana District on May 22, 2023, and concluding on June 13, 2023, in Wangdue District. The program covered crucial aspects, including:</p> <ol style="list-style-type: none"> 1. The mandates and functions of BICMA 2. Services and activities provided 3. The licensing system in place 4. Content regulation procedures 5. Monitoring protocols <p>As part of the complaint lodge platform, BICMA has facilities to contact the authority through focal officers, online complaint forms, written email (bicma@bicma.bt), and scanning of social media pages. The audit found that the complaints received were resolved and documented.</p>	

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4.3	<p>DITT should take initiatives to improve the management of the national broadband fiber network</p> <p>Effective and efficient management of national broadband fiber network would ultimately result in meeting the intended objectives of national broadband master plan. Currently, the RAA observed several lapses including weak monitoring mechanism in the overall management of the National Broadband Fiber Network that need to be improved.</p> <p>DITT, being the representative of the government and the custodian of the infrastructure, should exercise due diligence and be vigilant in the overall management of the network. Therefore, DITT should:</p>	1. Ensure that BPCL maintains separate accounts for O&M and depreciation funds;	<p><u>Implemented</u></p> <p>While the recommendation shall be considered implemented, the BPC may share the bank statements of both the O&M and depreciation accounts as per the MAP for RAA's verification.</p>		<p>The RAA noted that there are five fixed deposit accounts opened with Bhutan Development Bank Limited (BDBL) with maturity dates ranging from March 2024 to April 2026. The validation of accounts maintained with BDBL is done through a 'Balance Confirmation' Certificate, issued by BDBL vide letter no. BDB/TMB/15/2022/26 dated 10 January 2022.</p>	<p><u>Implemented</u></p> <p>Since separate accounts for O&M and depreciation funds are maintained by GovTech Agency, the sub-recommendation is considered implemented.</p>

Audit Report : Performance Audit Report on Implementation and Management of National Broadband Fiber Network AIN : 16761 Date of Issue : 7 September 2020 Name of Agency(ies) : GovTech Agency, Bhutan Power Corporation Ltd., and Bhutan InfoCom & Media Authority Responsible Agency : GovTech Agency No. of Follow-up Audit : 1						
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		2. Monitor the allocation of dark fibers to operators and institute measures & technologies to ensure efficient utilisation of fibers which would help in sustaining the scarce fiber resources;			<p>It was found that the GovTech maintains a record (google sheet) of all the national fiber leased to National ISPs. Only a pair of fiber in any stretch is leased to National ISPs considering the scarcity of fiber resources.</p> <p>The GovTech Agency leases dummy fibers between gewogs/terminals wherever feasible instead of leasing more than a pair in a single trunk from the substation to ensure efficient use of fibers and to prevent exhaustion of limited resources. The sheet is updated as and when the leased approval is provided.</p>	Implemented The allocation of dark fibers is being carried out through a Google sheet and an allocation list can be generated. Thus, the sub-recommendation is considered implemented.
		3. Implement key controls and processes needed for prudent financial management such as periodic financial reporting, periodic release of fund after proper verification, and preparation of required financial statements of the national broadband fiber network;			The RAA found that SoP for the management of Funds (Depreciation and O&M) for Fiber Network Division (FND), BPCL was developed. The SOP was developed to institute proper procedures for the management of funds received by BPCL from GovTech. The SOP includes operating procedures from raising invoices to reporting the financial progress by BPCL to GovTech. The accounts of the FND are maintained in Finance	Implemented The sub-recommendation is considered implemented as the key controls for prudent financial management are implemented and found to be adequate.

Audit Report : Performance Audit Report on Implementation and Management of National Broadband Fiber Network
AIN : 16761
Date of Issue : 7 September 2020
Name of Agency(ies) : GovTech Agency, Bhutan Power Corporation Ltd., and Bhutan InfoCom & Media Authority
Responsible Agency : GovTech Agency
No. of Follow-up Audit : 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
					<p>& Accounts (FAS), Head Office, BPCL.</p> <p>The BPCL as per the amended agreement, is obligated to submit the detailed O&M expenditure at the end of every year to RGoB/GovTech, following which the assets detailed for next year are calculated before releasing the payment for O&M and Depreciation fund to BPCL. The RAA also noted the same in practice. Further, the O&M for nationalised fibers (18 cores) born by the RGoB and 6 cores borne by BPCL is bifurcated.</p> <p>BPCL, through the 'Balance Confirmation' Certificates, submits the details on the depreciation fund saved in FD accounts and interest earned from the amount to the GovTech.</p>	
		<p>4. Assess reliability and availability of fiber network based on monthly network availability reports submitted by Telcos and ISPs;</p>			<p>To check and monitor the national fiber network reliability and availability (to be maintained at 98%), the GovTech Agency collects data from the stakeholders, Bhutan Power Corporation (BPCL), Bhutan</p>	<p><u>Implemented</u></p> <p>The reliability and availability of the fiber network are assessed and maintained by the GovTech Agency through the Excel dashboard and subsequent</p>

Audit Report	: Performance Audit Report on Implementation and Management of National Broadband Fiber Network
AIN	: 16761
Date of Issue	: 7 September 2020
Name of Agency(ies)	: GovTech Agency, Bhutan Power Corporation Ltd., and Bhutan InfoCom & Media Authority
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No. of Follow-up Audit	: 1

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					<p>Telecom Limited (BTL), and Tashi InfoComm Limited (TICL) monthly and the report is prepared every quarter.</p> <p>Moreover, a MS Excel dashboard was developed for maintaining the Fibre network reliability based on different parameters such as Scheduled Maintenance Time, Force Majeure Outage, Outage due to clients' negligence and Downtime.</p> <p>The latest quarterly report was the fourth report covering period from April to June 2023. As per the report, the average availability for BTL was 98.473% and TICL was 60.923 %.</p> <p>When the network availability falls below 98%, the GovTech Agency enquires and follows up with the stakeholders concerned.</p> <p>From the report submitted by BPCL, the fiber availability for the month of April to June 2023 was 100%. The BPCL was able</p>	<p>follow-ups were carried out with the stakeholders. Thus, the sub-recommendation is considered implemented.</p>

Audit Report : Performance Audit Report on Implementation and Management of National Broadband Fiber Network AIN : 16761 Date of Issue : 7 September 2020 Name of Agency(ies) : GovTech Agency, Bhutan Power Corporation Ltd., and Bhutan InfoCom & Media Authority Responsible Agency : GovTech Agency No. of Follow-up Audit : 1						
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					to maintain the availability above 98%.	
		5.effectively use FMS for efficient identification of fiber faults and develop protocol for resolving internet and fiber equipment issues in GCs and CCs with clear delineation of roles and responsibilities of FND, Dzongkhag ICT and CCs;	<p><u>Partially Implemented</u></p> <p>While it is commendable that the GovTech Agency has successfully improved and initiated FMS to better manage the national fiber network, it is important to note that the timeline for exploring funds in the 13th FYP is fully dependent upon the availability of funds, which may lead to delays and uncertainty in planning and execution.</p> <p>Therefore, the GovTech Agency should provide the details regarding their plans for exploring funds in the 13th FYP, such as the amount of funding they intend to</p>	01/07/2021 to 30/06/2022	<p>The FMS was established in December 2019. FMS monitors only one core of fiber in every route. The FMS Optical Remote Test Units (OTUs) are connected through GovNet and used to detect the fiber faults through FMS. The OTUs are located in 25 BPCL substations.</p> <p>The O&M of FMS was handed over to BPCL. Currently, the RAA noted that the GovTech Agency and BPCL are engaged in resolving the IP address issues due to the revamping of the GovNet network.</p> <p>The FMS monitors only one core of fiber as it was cited that installing FMS in the rest of the fiber cores would result in service lag and service disruptions for the stakeholders concerned.</p> <p>Through the discussions with the GovTech, it was known that the Telecom and Space Division will study the effectiveness of the</p>	<p><u>Partially implemented</u></p> <p>Although a SoP is developed to resolve Internet and fiber equipment issues in GCs and CCs, the FMS is not being used effectively to identify fiber faults. Thus, the sub-recommendation is considered partially implemented.</p>

Audit Report : Performance Audit Report on Implementation and Management of National Broadband Fiber Network AIN : 16761 Date of Issue : 7 September 2020 Name of Agency(ies) : GovTech Agency, Bhutan Power Corporation Ltd., and Bhutan InfoCom & Media Authority Responsible Agency : GovTech Agency No. of Follow-up Audit : 1						
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			request, how the funds will be used, and any potential challenges that may arise during the implementation of the activity.		<p>FMS through monitoring of the FMS.</p> <p>Accordingly, if the FMS is found ineffective in detecting faults, the division will explore some other technology to detect the fiber faults.</p> <p>With regard to resolving Internet and fiber equipment issues in GCs and CCs, SoP for support in the restoration of the National Broadband during emergencies was developed. The SoP specifies the coordination between Telcos and BPCL during O&M works during emergencies and procedures for equipment sharing and materials usage.</p>	
		6.incorporate advanced features in FMS to generate comprehensive management reports;	<p><u>Partially Implemented</u></p> <p>While it is commendable that the GovTech Agency has successfully improved and initiated FMS to better manage the national fiber network,</p>		<p>From the discussions, the RAA learned that it is not clear if the reports were generated and used for resolving fiber faults in the past as the dealing person has left the GovTech Agency.</p> <p>The Telecom and Space Division under the GovTech will now monitor, generate the reports and accordingly study the reports.</p>	<p><u>Not Implemented</u></p> <p>The reports generated by the FMS are not used. Additionally, comprehensive management reports are not incorporated for the management of national broadband. Thus, the sub-recommendation is considered not implemented.</p>

Audit Report : Performance Audit Report on Implementation and Management of National Broadband Fiber Network AIN : 16761 Date of Issue : 7 September 2020 Name of Agency(ies) : GovTech Agency, Bhutan Power Corporation Ltd., and Bhutan InfoCom & Media Authority Responsible Agency : GovTech Agency No. of Follow-up Audit : 1						
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			<p>it is important to note that the timeline for exploring funds in the 13th FYP is fully dependent upon the availability of funds, which may lead to delays and uncertainty in planning and execution.</p> <p>Therefore, the GovTech Agency should provide the details regarding their plans for exploring funds in the 13th FYP, such as the amount of funding they intend to request, how the funds will be used, and any potential challenges that may arise during the implementation of the activity.</p>			

Audit Report : Performance Audit Report on Implementation and Management of National Broadband Fiber Network AIN : 16761 Date of Issue : 7 September 2020 Name of Agency(ies) : GovTech Agency, Bhutan Power Corporation Ltd., and Bhutan InfoCom & Media Authority Responsible Agency : GovTech Agency No. of Follow-up Audit : 1						
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		7.In collaboration with BPCL, establish proper mechanism for safe disposal of fiber optic waste; and			<p>A guideline for the disposal of optical fiber waste was developed in August 2021 by BPCL. The guideline mentions the ‘collection, treatment and disposal of optical fiber waste in Bhutan’ and ‘Export of optical fiber waste for recycling’.</p> <p>Upon inquiry with the BPCL, the RAA learned that the optical fiber waste was put up for auction, but unfortunately, no bids were received. Moreover, because the waste is in small quantities, it takes around 4 to 5 years to fill a truck. Additionally, when exporting to India, a land truck is used, but it does not reach its full capacity.</p> <p>Moreover, the carrier charge ends up surpassing the income earned from the export.</p>	<p><u>Implemented</u></p> <p>Although a guideline has been developed to establish a proper mechanism for safe disposal, there are certain challenges with the disposal of fiber optic waste.</p> <p>Recognising the efforts and difficulties, the recommendation is considered implemented.</p>
		8.In coordination with other relevant authorities such as BICMA and BEA, define and implement standards for the installation of fiber including safety, clearance of vegetation and trees			<p>The SoP for support in the restoration of the NFBN during emergencies between BPCL and Telcos provides key aspects for proper coordination and summarised responsibility in case of failure or damages during emergencies. The SoP also</p>	<p><u>Implemented</u></p> <p>A SoP and Preventive Maintenance Manual are developed for O&M activities. The SoP also includes electrical safety guidelines for Live line</p>

Audit Report : Performance Audit Report on Implementation and Management of National Broadband Fiber Network AIN : 16761 Date of Issue : 7 September 2020 Name of Agency(ies) : GovTech Agency, Bhutan Power Corporation Ltd., and Bhutan InfoCom & Media Authority Responsible Agency : GovTech Agency No. of Follow-up Audit : 1						
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		around the BPCL utility poles and fiber cables.			<p>includes electrical safety guidelines for Live line ADSS maintenance and optical safety guidelines.</p> <p>However, the SoP pertains to restoration during emergencies including clearing of vegetation and not for installation. As such, it is not clear if the agreed coordination is applicable for installation as well.</p> <p>With regard to O&M, BPCL takes the lead role for O&M of fiber across the country. Preventive Maintenance Manual for Fiber Optic Network was developed in 2021 which contains procedures to avoid network failures and is being implemented and reports are prepared on an annual basis.</p>	ADSS maintenance and optical safety guidelines. Thus, the sub-recommendation is considered implemented.
4.4	<p>BPCL should institute measures to improve operation and maintenance of national broadband fiber network</p> <p>Having a reliable national broadband fiber network is critical for telecommunication and ICT services which could result in</p>	<p>-preventive maintenance plan should be developed and implemented to ensure the proper functioning of the fiber network resulting in cost savings in the O&M fund.</p> <p>-BPCL should analyse the causes of fiber cuts and</p>	<p><u>Implemented</u></p> <p>Since, one of the major causes of fiber cuts and disruptions is by the rodent attacks, the BPCL has installed anti-rodent fiber optic cables in rodent prone</p>		<p>(1) Preventive Maintenance Manual for Fiber Optic Network was developed in 2021 and implemented.</p> <p>- Reports are maintained for works carried out as per the manual annually.</p>	<p><u>Implemented</u></p> <p>Several actions (mentioned in action taken column) have been undertaken by BPCL to improve the operation and maintenance of fiber network. Since these actions taken have achieved the intent of the</p>

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	<p>enhanced delivery of services, access to knowledge and skills, thereby achieving the vision of becoming a digital society. The operation and maintenance of such a backbone infrastructure is therefore critical to ensure availability and reliability of the network.</p> <p>The RAA noted several lapses with regard to operation and maintenance of the national broadband fiber network which needed improvements. In this regard, the following should be implemented.</p>	<p>disruptions to gain insights and implement corrective measures in the plan.</p> <p>-BPCL should strengthen internal coordination between Electricity Service Division and Fiber Network Division in order to reduce wastage of time, efforts and resources and enhance efficiency.</p> <p>-BPCL should develop clear protocols for imposing fines and penalties in case of fiber disruptions caused through human interventions.</p> <p>-The realignment charges for the shifting fiber cables and the fines and penalties collected for fiber damages should be accounted for in the O&M fund.</p> <p>-BPCL should ensure to clearly segregate the O&M expenditure statement of 18 fiber cores funded by RGoB and 6 fiber cores allotted to BPCL.</p> <p>-BPCL should contribute Nu.0.300 million to FND</p>	<p>areas and found effective.</p> <p>It has also been noted that, BPCL besides replacement of anti-rodent cables has been carrying out replacement of old ADSS cables with new ones, as a part of preventive measure.</p> <p>In view of the above, the recommendation shall be considered implemented.</p>		<p>- In 35 different locations, ADSS fiber optic cables were replaced by Anti-rodent fiber optic cables in rodent-prone areas from the 3rd QTR of 2021 till December 14, 2023.</p> <p>(2) BPCL carried out the analysis of the causes of fiber cuts for which historical data on causes of fiber network failure from 2020 onwards were maintained and implemented remedial measures by providing anti-rodent fiber optic cables in the areas which recorded frequent faults due to rodent attacks.</p> <p>(3) An inter-office memo was issued by the Information and Communication Department (ICD) to Distribution & Customer Services Division (DCSD) regarding the requirement of Internal Coordination between ESD and FND on 14 May 2021. The internal coordination between ESD</p>	<p>recommendations, the recommendation is considered implemented.</p>

Audit Report : Performance Audit Report on Implementation and Management of National Broadband Fiber Network
AIN : 16761
Date of Issue : 7 September 2020
Name of Agency(ies) : GovTech Agency, Bhutan Power Corporation Ltd., and Bhutan InfoCom & Media Authority
Responsible Agency : GovTech Agency
No. of Follow-up Audit : 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
		which was not contributed earlier for training funds.			<p>and FND is regularly carried out through email and support ticket systems. All the realignment and maintenance work information are received from ESDs accordingly.</p> <p>(4) Developed guidelines on third-party damage compensation and realignment cost recovery for fiber optic assets and implemented them. From 2021 till July 2023, 15 third parties compensated.</p> <p>(5) Compensations collected from realignment and third-party damage accounted for the O&M fund and are reflected in the O&M expenditures statement submitted yearly to the GovTech Agency. Compensation collected in the year 2021 matches with the expenditure statement submitted to the GovTech Agency.</p>	

Audit Report : Performance Audit Report on Implementation and Management of National Broadband Fiber Network AIN : 16761 Date of Issue : 7 September 2020 Name of Agency(ies) : GovTech Agency, Bhutan Power Corporation Ltd., and Bhutan InfoCom & Media Authority Responsible Agency : GovTech Agency No. of Follow-up Audit : 1						
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					<p>(6) Segregated cost bifurcation of O&M fund from RGoB and BPCL and reflected in expenditures statement submitted to the GovTech Agency. Verified for the years 2020 and 2021.</p> <p>The payment of contribution has been deposited vide voucher no 27 dated 11.05.2021.</p>	
4.5	<p>MoIC should continue pursuing implementation of third international internet gateway and establishing the national fiber optic redundancy</p> <p>Bhutan today has only two international gateways. However, both of these gateways ultimately merge which poses a high risk of complete disconnection of Internet in the country if there is a failure. This could not only affect the ability of the government to provide services to the citizens, it would also result disconnection of telecommunication services leading to chaos in case of disasters and national emergencies. Moreover, it would discourage international ICT investments in Bhutan affecting the</p>		<p><u>Implemented</u></p> <p>It has been noted that the GovTech Agency is continuously working on the implementation of the third internet gateway for Bhutan although the activity is fully dependent upon the other two countries, India and Bangladesh.</p> <p>In view of the above, the recommendation shall be considered implemented.</p> <p>However, the GovTech Agency should continue pursuing</p>		<p>Following the last review, the RAA noted that the establishment of a third international internet gateway (3IIG) has made significant progress. Through several rounds of discussions, the Royal Government of Bhutan has successfully negotiated with the Government of Bangladesh (GoB) and the Government of India (GoI) to establish a third internet gateway at the desired rate of \$ 4.5 per Mbps/month. The GoB offered USD 3 per Mbps as a friendly rate and upon the commitment of the Prime Minister of Bangladesh to Lyonchen. The GoI has offered to provide a subsidy by absorbing the charges incurred</p>	<p><u>Implemented</u></p> <p>Recognising the significance of establishing a third Internet Gateway for Bhutan, GovTech has made a huge achievement in negotiating with the Government of Bangladesh and Government of India to see this through this recommendation.</p> <p>Additionally, five domestic fiber rings were completed, establishing fiber optic redundancy.</p> <p>In view of the above, the recommendation is considered implemented.</p>

Audit Report : Performance Audit Report on Implementation and Management of National Broadband Fiber Network AIN : 16761 Date of Issue : 7 September 2020 Name of Agency(ies) : GovTech Agency, Bhutan Power Corporation Ltd., and Bhutan InfoCom & Media Authority Responsible Agency : GovTech Agency No. of Follow-up Audit : 1						
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	<p>ICT job markets and tech innovation.</p> <p>Furthermore, Bhutan, being in a seismic zone, is susceptible to earthquakes and also other natural disaster. Thus, it is of paramount importance that this network is not disconnected due to disasters by establishing national fiber optic redundancy.</p> <p>Therefore, having a third international internet gateway is critical and imperative for Bhutan and the Ministry should keep on pursuing the implementation of alternative international internet gateway and also re-examine the plan to establish the domestic fiber optic redundancy and implement reliable fiber redundancy.</p>		<p>implementation of third international internet gateway and establish the national fiber optic redundancy.</p>		<p>by BSNL (Indian Telco) of \$8 per Mbps and provide the rate at \$1.5 (BSNL's rate was \$9.5).</p> <p>Currently, negotiations are underway between BTL and BSNL. They are currently in the process of finalising the SLA. Moreover, there is going to be an additional cost for connecting SG1 from SG3 as the handover point in Singapore was not in Equinix DC SG1 but in SG3. The cross-connection cost would be USD 593/month from SG3 to SG1 of Equinix DC, Singapore and USD 593 as a one-time charge. Furthermore, BTL has to bear the 3% FCT which is USD 45,000.00 per month or 540,000.00 per year.</p> <p>From the review, it was known that the 3IIG link from BSNL is for an unprotected linear circuit and that the cost for a reinforced protected (double) link would increase the MRC by 1.7-2 times. Further, BSNL has informed that any fault in the submarine segment of the link would be considered a force</p>	

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					<p>majeure and no liability will be taken by BSNL.</p> <p>As per standard practice, in the event of a line disruption, the Indian telcos Airtel and TATA provide a sizable rebate to ensure reliability and immediate maintenance of the line. As such, Airtel and TATA offer a rebate of USD 9,392.16 for line disruption adding up to 24 hrs, in comparison BSNL has offered USD 1,174 for service outage adding to 36 hrs until 30 days. With such a low rebate amount, there is no assurance that BSNL and other counterparts will prioritise the immediate repair of the line.</p> <p>Moreover, BSNL has indicated that payment to BSNL for the 3IIG is to be conducted in USD not in Rupees as per the Foreign Exchange Rules and Regulations (2022).</p> <p>Additionally, there is also an issue of BSNL insisting that the entire payment of USD 8 per Mbps for the 10 Gbps line to be invoiced to BTL. The GoI had</p>	

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					<p>agreed to provide a subsidy for a 10 Gbps line for Bhutan’s 3IIG.</p> <p>Hence, the RGoB has requested the Embassy of India to consider these issues and review them with BSNL to finalise the SLA between BT and BSNL.</p> <p>Regarding establishing the national fiber optic redundancy, the GovTech Agency had identified five critical rings for fibre optic redundancy. The Kanglung – Motanga fiber ring was nationalised while the other four (Semtokha-Lobesa, Ura-Medtsho, Dagapela – Lhamoizingkha, Sephu – Tangsibji) domestic fiber rings were given as deposit work and completed. Thus, the national fiber optic redundancy was established.</p>	

EXHIBIT-F

**Review Report of Performance Audit Report on Operations of Natural
Resources Development Corporation Limited (NRDCL)**

AIN: PAD-2024-17

Audit Report.....: Performance Audit Report on Operations of Natural Resources Development Corporation Limited (NRDCL)
AIN.....: 17340
Date of Issue.....: 2 August 2021
Name of Agency(ies).....: Natural Resources Development Corporation Ltd. (NRDCL), Druk Holding Investment (DHI), Department of Forest and Park Services (DoFPS)
Responsible Agency.....: NRDCL
No. of Follow-up Audit..: 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
4.1	DHI in consultation with MoAF should pursue the government to review and reinforce the mandates of NRDCL				<p>Upon discussion and review of the ATR, the RAA noted that under the guidance of the shareholder (DHI), the Board and Management of NRDCL have taken up with the Department of Forest and Park Services (DoFPS) in reviewing the mandates to fulfill the overarching goal to make natural resources available, accessible, and affordable to the general public.</p> <p>Based on the bilateral discussion, a memorandum of understanding (MoU) was drawn and signed between NRDCL and DoFPS on 22nd May 2023, wherein NRDCL is recognised as the authorised government agency responsible for the extraction and disposal of natural resources (timber and sand). As mandated by the Executive Order 2007, NRDCL is the primary supplier of sand in the country.</p> <p>Beginning August 2023, NRDCL has been mandated to</p>	<p><u>Implemented</u></p> <p>Based on the clarity brought to the mandates of NRDCL through MoU signed between NRDCL and DoFPS and the signing of annual compacts between NRDCL and DHI, the recommendation is considered implemented.</p>

Audit Report.....: Performance Audit Report on Operations of Natural Resources Development Corporation Limited (NRDCL)
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					<p>export more than 12 million cft of timber on a fully commercial basis and generate INR revenues.</p> <p>NRDCL continues to supply timber (logs) to the private sector and sawmillers. Further, the private sector is also allotted logs/timber in the export business, as per the agreements among MoENR, NRDCL, BBPL and AWBI.</p> <p>Towards improving operational efficiencies, and delivering efficient services, DHI monitors NRDCL’s performance through the signing of annual compacts with its Board and Management.</p> <p>However, on discussion with the officials from the NRPC Secretariat, under the Forest Resources Planning and Management Division, DoFPS, the RAA was informed that NRDCL has the social obligation to ensure accessibility, affordability and availability (commonly referred</p>	

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					<p>to as AAA) of natural resources and it is their core mandate.</p> <p>Moreover, the FNCRR, 2017 mandates the NRPC to regularly assess timber prices.</p> <p>To uphold the AAA, pricing is being regulated through NRPC. Firstly, the Technical Team (TT) encompassing members from MoENR, the Department of Trade, MoICE and the Department of Macro-Fiscal and Development Finance, MoF and Representatives from the Competition and Consumer Affairs Authority, MoICE and the National Statistics Bureau reviews the proposal for revision of prices submitted by the NRDCL. The TT will then submit the pricing proposal and recommendations to the NRPC for endorsement and approval.</p>	
4.2	The NRDCL should ensure reinforcing clear coordination mechanisms in	1. Department of Forest and Park Services	<u>Implemented</u> With the signing of the MoU between the DoFPS, MoENR and NRDCL on sustainable	Dec 2021 and repeated every year	Department of Forest and Park Services It was noted that a Memorandum of Understanding	<u>Implemented</u> The MoU prescribes clear terms and conditions, scope of work and responsibilities between DoFPS

Audit Report.....: Performance Audit Report on Operations of Natural Resources Development Corporation Limited (NRDCL)
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Date of Issue.....: 2 August 2021
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	<p>consultation with MoAF and MoEA</p> <p>The NRDCL as the SOE involved in extraction of natural resources, its business operations are highly regulated and is obliged to comply with range of laws, rules and regulations, directives and orders of different agencies. It also needs to collaborate with multiple agencies in operating its business and delivering its services. The inadequacies noted in coordination with various agencies and stakeholders were found to cause impediments in attaining efficiency of its operations and in the delivery of its services. The coordination needs to be strengthened specifically with the following agencies and stakeholders.</p>	<p>As the overall regulatory body, the department coordinates with the company throughout the process of developing FMP, AOP, and extractions and disposal from depots. There is a need for collaboration in estimating market demands based on which the annual extraction quantities are determined. NRDCL faces challenges of not matching the demands and resulting in huge balances of unsold stock. During the extraction and transporting, there is a need for a coordinated approach in scheduling the NRDCL’s plan of extraction on the</p>	<p>extraction of natural resources, it is expected that the inadequacies noted in coordination with various agencies and stakeholders would be strengthened and attain towards its efficiency in the operations and delivery of the services.</p> <p>In view of the above, the recommendation shall be considered. However, the compliance to this will be verified in the due course of time.</p>		<p>(MoU) was signed between DoFPS and NRDCL on Sustainable Extraction of Natural Resources.</p> <p>The MoU prescribes clear terms and conditions, scope of work and responsibilities of the parties with regard to sustainable management, implementation of the management plans, extraction, marketing and disposal of timber, sand and stone.</p> <p>NRDCL conducts coordination meetings annually with DoFPS to facilitate effective service deliveries. During the coordination meeting, they review the annual production achievement of NRDCL for the previous year, discuss the timber production target for the current year, the achievement and target for plantation creation and maintenance, and also discuss field issues and challenges. It was noted the production targets were also set</p>	<p>and NRDCL and implementations were carried out accordingly. As such, the recommendation is considered implemented.</p>

Audit Report.....: Performance Audit Report on Operations of Natural Resources Development Corporation Limited (NRDCL)
AIN.....: 17340
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Responsible Agency.....: NRDCL
No. of Follow-up Audit..: 1

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		basis of markings done by the DoFPS. Further, when the timbers are allotted from the depots, the presence of forest personnel are required to clear the 70 consignments. The efficiency of NRDCL depends on the availability of officials from the DoFPS and any delay caused in completion of work by DoFPS affects the efficiency of the company. Further, there is also a need to collaborate with the department in safeguarding the plantations/regenerations through regular monitoring and enforcement of penal provisions of FNCRR 2017 for any offences perpetrated to the			monthly for different products by NRDCL in coordination with DoFPS. The RAA also noted that the stock that remained undisposed during the Pandemic has now been cleared. Currently, the production is efficiently meeting market demands, and there are no remaining stockpiles.	

Audit Report.....: Performance Audit Report on Operations of Natural Resources Development Corporation Limited (NRDCL)
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Responsible Agency.....: NRDCL
No. of Follow-up Audit..: 1

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		plantations/regeneration work carried out.				
		<p>2. Association of Wood Based Industries</p> <p>The formation of AWBI has no legal basis as it is not registered under any legal instruments. Notwithstanding its status, it is seen to be actively engaged in obtaining the allotments as an association representing the whole wood-based industries. As such, NRDCL coordinates with AWBI in allotment of timbers as per TEDM. The timbers allotted are lifted by saw millers from NRDCL’s depots after making</p>	<p><u>Implemented</u></p> <p>With the signing of the MoU between the DoFPS, MoENR and NRDCL on sustainable extraction of natural resources, it is expected that the inadequacies noted in coordination with various agencies and stakeholders would be strengthened and attain towards its efficiency in the operations and delivery of the services.</p> <p>In view of the above, the recommendation shall be considered.</p> <p>However, the compliance to this will be verified in the due course of time.</p>	Dec 2021	<p>4.2.2 Association of Wood-Based Industries (AWBI)</p> <p>Addressing the issue of saw millers not lifting the timbers allotted through the AWBI, the implementation of Standard Operating Procedures (SoP) for Extraction and Marketing of Natural Resources, as well as Nursery and Plantation Works, ensures a mechanism for accountability.</p> <p>Regarding the legal status of AWBI, the RAA noted the following:</p> <p>i. The NRPC was formed as per the Government Executive Order 2007 vide letter no. PM/01/07/571 dated 07/11 2007 but it does not specify the member details. Currently, the NRPC comprises members from MoENR, MoF, NRDCL and</p>	<p><u>Partially Implemented</u></p> <p>The AWBI is one of the members of NRPC although the association is not formally registered as Civil Society Organisation.</p> <p>Likewise, collaboration between NRDCL and AWBI, involving the allocation of 50% of timber for AWBI’s subsequent distribution to registered sawmillers, continues to exist, despite AWBI lacking legal status.</p> <p>The issue and consequences of AWBI not having the legal status have been detailed under observation ‘3.3.1 collaboration pursued with AWBI lead to impairing ability of NRDCL to deliver its mandates’.</p> <p>Therefore, the recommendation is considered partially implemented.</p>

Audit Report.....: Performance Audit Report on Operations of Natural Resources Development Corporation Limited (NRDCL)
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Responsible Agency.....: NRDCL
No. of Follow-up Audit..: 1

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		<p>payments. There had been occasions when saw millers failed to lift the timber beyond the maximum time allowed and the company not being able to invoke penalty clauses as per TEDM apparently due to lack of accountability mechanism.</p>			<p>AWBI with a Secretariat at the DOFPS. The AWBI, despite lacking legal status, continues to be one of the members of the committee.</p> <p>ii. As per the MoU signed between DoFPS and NRDCL on 22/05/2023, NRDCL is the authorised agency for extraction, marketing and distribution of commercial timbers. This MoU also supersedes the Timber Extraction and Distribution Modality (TEDM), 2017. Therefore, the NRPC Secretariat mentioned that the NRDCL is not required to follow the TEDM.</p> <p>Likewise, NRDCL also responded that it is not mandatory to reserve 50% share for WBIs and they have the flexibility to value-add or export with the approval of the regulator.</p>	<p><u>Further Course of Action</u></p> <p>i. DoFPS should review the basis of the inclusion of AWBI as one of the committee members of NRPC (as AWBI has no legal status as an Association).</p> <p>ii. The NRDCL should review the basis for the allotment of 50% timber to Wood Based Industries through AWBI.</p>

Audit Report: Performance Audit Report on Operations of Natural Resources Development Corporation Limited (NRDCL) AIN: 17340 Date of Issue: 2 August 2021 Name of Agency(ies): Natural Resources Development Corporation Ltd. (NRDCL), Druk Holding Investment (DHI), Department of Forest and Park Services (DoFPS) Responsible Agency: NRDCL No. of Follow-up Audit ..: 1						
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					iii. However, NRDCL continues to allocate 50% of timber to AWBI although the association is not formally registered. NRDCL informed that the issue was discussed during several meetings in the presence of the AWBI president. However, as of now, the formation of AWBI has no legal basis.	
		3. National Resources Pricing Committee As per the Executive Order 2007, the prices are to be determined by NRPC after factoring in the actual cost incurred by NRDCL in extractions. In order to ensure that prices are not solely driven by the cost submitted by NRDCL, there is also a need for a	<u>Implemented</u> Since the NRPC guideline has been approved by the MoENR on 7 March 2023 and the revised prices have been finalised and verified, the recommendation shall not be pursued further. However, the NRDCL may share the revised prices for natural resources once it is published for implementation.	Dec 2021 to April 2022	4.2.3 National Resources Pricing Committee It was noted that to achieve the goal of ensuring the availability, accessibility, and affordability of timber and other natural resources, the NRPC was established and the committee approved the Natural Resource Pricing Guideline (NRPG), 2023, through notification no. MoENR/SEC/DoFPS/05/2022-2023/35 dated March 7, 2023. This guideline outlines the NRPC's operational procedures, pricing mechanisms, and the establishment of an Independent	<u>Implemented</u> Despite the revised price not yet being approved or in effect, the commitment of the Natural Resource Pricing Committee (NRPC) is evident through the establishment of the Natural Resource Pricing Guideline, the formation of the Independent Technical Team, and the rigorous review process. These initiatives underscore NRPC's dedication to addressing inefficiencies and upholding affordability for consumers.

Audit Report.....: Performance Audit Report on Operations of Natural Resources Development Corporation Limited (NRDCL)
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Date of Issue.....: 2 August 2021
Name of Agency(ies).....: Natural Resources Development Corporation Ltd. (NRDCL), Druk Holding Investment (DHI), Department of Forest and Park Services (DoFPS)
Responsible Agency.....: NRDCL
No. of Follow-up Audit..: 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
		<p>mechanism of assessing and revalidating by an independent body to assess efficiency of cost. The collaboration with NRPC is essentially required to ensure affordability of prices and that additional costs resulting from its inefficiencies are not passed down to consumers.</p>			<p>Technical Team (TT) with defined Terms of Reference. The team comprised of members from</p> <ul style="list-style-type: none"> ➤ Department of Revenue and Customs (Ministry of Finance) ➤ Department of Trade (MoICE) ➤ Department of Macro-Fiscal and Development Finance (MoF) ➤ National Statistics Bureau (NSB) ➤ Competition and Consumer Affairs Authority (MoICE) <p>The TT was formed and instituted on March 27, 2023, by the Chair of the National Resource Pricing Committee (NRPC).</p> <p>Subsequently, the TT reviewed the new pricing proposal submitted by NRDCL from March 28 to April 5, 2023 (a period of 37 days) and submitted their final report on the revised price to NRPC on</p>	<p>This collaborative effort ensures transparency, fairness, and accountability in the pricing system, thereby facilitating the availability, affordability, and accessibility of natural resources for all citizens.</p> <p>In view of the above reasons, this recommendation is considered implemented.</p>

Audit Report.....: Performance Audit Report on Operations of Natural Resources Development Corporation Limited (NRDCL)
AIN.....: 17340
Date of Issue.....: 2 August 2021
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Responsible Agency.....: NRDCL
No. of Follow-up Audit..: 1

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					<p>April 6, 2023. NRPC officially endorsed the revised price on April 4, 2023, with instructions to implement it from April 15, 2023. However, the government revoked the notification, instructing to halt the implementation of the revised NRPC price until further notice.</p> <p>Further, the RAA noted that on November 21, 2023, the NRDCL management proposed a second revision of the NRP, along with a proposal after the deferment of the implementation of the revised price. From November 28, 2023, to January 15, 2024, the technical team reviewed the proposed revised price of NRDCL.</p> <p>On January 16, 2024, the TT presented the review report to NRPC. The Committee requested the team to review it once again in a holistic approach, considering the economic situation and the</p>	

Audit Report.....: Performance Audit Report on Operations of Natural Resources Development Corporation Limited (NRDCL)
AIN.....: 17340
Date of Issue.....: 2 August 2021
Name of Agency(ies).....: Natural Resources Development Corporation Ltd. (NRDCL), Druk Holding Investment (DHI), Department of Forest and Park Services (DoFPS)
Responsible Agency.....: NRDCL
No. of Follow-up Audit..: 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
					<p>impact on construction costs with the result of the revised price, as well as the impact through current salary raises on natural resource prices, aiming to make them affordable, available, and accessible in the market. Currently, the review of the price is ongoing.</p> <p>The reminders on the status of price revision have been served by NRDCL vide NRDCL/HQ/FRD/PMS/02/272 1 dated 29th December 2023.</p> <p>It was also noted that TT's observations and recommendations helped in identifying inefficiencies and areas for improvement, pinpointing costs that may be passed down to consumers. Furthermore, the guideline was developed with reference to this Performance Audit Report.</p>	

Audit Report.....: Performance Audit Report on Operations of Natural Resources Development Corporation Limited (NRDCL)
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Date of Issue.....: 2 August 2021
Name of Agency(ies).....: Natural Resources Development Corporation Ltd. (NRDCL), Druk Holding Investment (DHI), Department of Forest and Park Services (DoFPS)
Responsible Agency.....: NRDCL
No. of Follow-up Audit..: 1

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4.3	<p>The MoAF should develop comprehensive guidelines for functioning of NRPC</p> <p>Except for the Executive Order 2007, there is no proper guidelines on processes for working of the Committee through delineation of specific roles and responsibilities and also prescribing process of fixing prices of natural resources. In the absence of the guidelines, there had been numerous inadequacies in managing the affairs of the committee in terms of composition of committees, organising meetings, recording decisions and determining the prices. In order to ensure proper governance of the committee and also to play an effective role as</p>		<p><u>Implemented</u></p> <p>Since the draft guideline for NRP has been approved and notified to the general public on 7 March 2023, the recommendation is considered implemented.</p>	03/11/2021 to 30/12/2022	<p>The NRP guideline, 2023 was developed and approved in March 2023 by the NRPC consisting of members from MoENR, MoF, NRDCL, and AWBI, with its secretariat at DoFPS. It was enforced from 7th March 2023 vide executive order no. MoENR/SEC/DoFPS/05/2022-2023/35 dated 07/03/2023.</p> <p>The guideline was developed to outline the procedure for the functioning of NRPC and its governance, formalise a standard mechanism for determining the price of timber, sand and stone in the country, and identify and standardise relevant costing parameters for determining the price for timber, sand and stone.</p> <p>Before the implementation of the NRP Guidelines, the NRPC was primarily engaged in determining prices for timber and sand exclusively.</p>	<p><u>Implemented</u></p> <p>With the introduction of the NRP Guideline 2023, the framework now encompasses pricing mechanisms for timber, including log and sawn timber pricing, as well as sand and stone pricing.</p> <p>The guideline also delineates the NRPC members, their respective roles and responsibilities, and the procedure and authority for price approval by the cost submitted by NRDCL.</p> <p>As such, the recommendation is considered implemented.</p>

Audit Report: Performance Audit Report on Operations of Natural Resources Development Corporation Limited (NRDCL) AIN: 17340 Date of Issue: 2 August 2021 Name of Agency(ies): Natural Resources Development Corporation Ltd. (NRDCL), Druk Holding Investment (DHI), Department of Forest and Park Services (DoFPS) Responsible Agency: NRDCL No. of Follow-up Audit ..: 1						
Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
	intended by the Executive Order, a proper operational guideline delineating roles and responsibilities of the committee and the procedures for fixing the prices of natural resources should be developed.					
4.4	<p>The NRDCL should institute robust cost control measures to enhance profitability</p> <p>The analysis of financial statements showed that that the profitability over the years have not been consistent. Even with increase in sales, there had been instances of dwindling profits indicating that the company had not been able to optimise its returns due to its inability to contain cost. The main driver of inconsistent profitability had been the cost which had shown</p>		<p><u>Partially Implemented</u></p> <p>While RAA appreciates NRDCL for its efforts in initiating cost control measures through various means, it is recommended that the NRDCL come up with the proper cost accounting system which will provide accurate and reliable information about the costs incurred in the production process. It helps businesses determine the cost of individual products, assess the profitability of different products or services, and make informed decisions regarding pricing, budgeting, and resource allocation.</p>	Nov 2021 to June 2022	<p>The RAA noted that NRDCL has undertaken the following cost-control measures to enhance profitability:</p> <ul style="list-style-type: none"> i. Standardised mileage for vehicles – pool vehicle mileage for NRDCL increased vide office order No. NRDCL/HO/ADM/04/2023/1967 dated 4/4/2023; ii. No refreshments and Lunch are served during internal office meetings; iii. No DSA for any travel if the travel is a day trip; iv. No DSA on the day of return from any destination; v. Minimised hard copy of annual report, Board agenda 	<p><u>Implemented</u></p> <p>In view of the cost-cutting measures undertaken (mentioned under actions taken) by the NRDCL, the recommendation is considered implemented.</p>

Audit Report.....: Performance Audit Report on Operations of Natural Resources Development Corporation Limited (NRDCL)
AIN.....: 17340
Date of Issue.....: 2 August 2021
Name of Agency(ies).....: Natural Resources Development Corporation Ltd. (NRDCL), Druk Holding Investment (DHI), Department of Forest and Park Services (DoFPS)
Responsible Agency.....: NRDCL
No. of Follow-up Audit..: 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
	erratic trends at company level as well as at individual unit level. Comparisons between different units/regions producing same products, also showed differences in the proportion of different costs to its production. If the management have proper cost accounting system in place then it could help in avoiding losses arising due to many factors, such as low demand, competitive conditions, change in technology and seasonal demand for the product. There is an opportunity for the company to optimise costs through appropriate cost control measures. Therefore, the company should review and reinforce the current cost control measures to attain cost effectiveness of its operations across business		Until such time, the recommendation shall remain partially implemented.		<p>and other hard copy publications;</p> <p>vi. Discontinued the issue of diary, table calendar and other corporate reports & gifts;</p> <p>vii. Unprofitable business unit, eg. Briquette Unit and Sombaykha Sand Quarry have been closed;</p> <p>viii. Overall manpower has been reduced from 534 at the beginning of 2022 to 465 in 2023 (current strength); and</p> <p>ix. Towards cost optimisation and efficient utilisation, the number of utility vehicles reduced from 20 to 15 in 2023.</p> <p>On further review of the 2022 Annual Report's Statement of Comprehensive Income, in particular, the revenue, operating expenses and cost of sales components, it was noted that the expenses had decreased in 2022 compared to 2021.</p>	

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Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
	units as well at the overall company level.				<p>For instance, in 2022, the Operating expenses reduced by 25% i.e. from 108,708,538 to 81,053,477.00 in 2022. Additionally, revenue increased by 1% and cost of sales also increased by 8%. Moreover, there has been decrease in travel expenses to Nu. 10,664,111 in 2022 from Nu. 11,209,795 in 2021.</p> <p>The standardisation of unit cost is also covered under the NRP guideline.</p>	
4.5	<p>The NRDCL should optimise the utilisation and management of machineries and equipment</p> <p>NRDCL has a wide range of machines and vehicles which are an integral part of the company’s daily operation in carrying out its mandates. Most of the machines are job-specific</p>	<p>i. Developing a clear strategy for utilisation, repair & maintenance, replacement and dispose-off based on the life span and working condition of the machineries;</p> <p>ii. Exploring the possibility of establishing a</p>	<p><u>Implemented</u></p> <p>It has been noted that the NRDCL has revised the machinery replacement plan and enhancement of mechanical services 2023 and the same has been approved during 183rd Executive Committee Meeting held on 30 May 2023.</p> <p>Similarly, the review on machinery performance, utilisation factors/ benchmarking and utilisation</p>	Nov 2021 to July 2022	<p><u>i & ii</u></p> <p>On review of the revised machinery replacement plan and enhancement of mechanical services 2023 and its implementation, the RAA following noted the following:</p> <p>i. NRDCL auctioned machines in April 2023 considering the life span, high running cost and productivity issues, unavailability of spare</p>	<p><u>i. & ii. Partially Implemented</u></p> <p>The findings and recommendations of the in-depth study and the management’s decision to continue with the existing system is yet to be shared.</p> <p>Maintaining the same 15% for unknown downtime was found inadequate for regions that do not have timber extraction activities.</p> <p>As such, the recommendation will remain partially implemented.</p>

Audit Report.....: Performance Audit Report on Operations of Natural Resources Development Corporation Limited (NRDCL)
AIN.....: 17340
Date of Issue.....: 2 August 2021
Name of Agency(ies).....: Natural Resources Development Corporation Ltd. (NRDCL), Druk Holding Investment (DHI), Department of Forest and Park Services (DoFPS)
Responsible Agency.....: NRDCL
No. of Follow-up Audit..: 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
	machines that are not commonly used or available in the market. Over the years, the company had not been able to achieve optimum utilisation of its machineries and equipment. The NRDCL has developed standard operating procedure for machineries between 2015 and 2020. In order to ensure optimal utilisation and effective management of the machineries and equipment, the company needs to focus on following:	dedicated workshop or collaborating with relevant parties to provide timely repair and maintenance of the machineries; iii. Instituting a system of certifying the operators in collaboration with relevant agencies; and iv. Ensuring availability of spare parts based on maintenance plan at each regional offices.	strategy has been approved by the ECM on 30 May 2023 and is being implemented since June 2023. In view of the above, the recommendation shall be considered implemented.		parts and frequency of breakdown, upon the approval of the management. ii. NRDCL has come up with a machine replacement schedule and tentative replacement cost projection. iii. For effective management and utilisation of the company's fleet of machineries, the NRDCL has proposed the creation of Central Mechanical Services in HQ which requires staff pooling and adequate equipment and facilities. Similarly, the establishment of the workshop is also proposed. While the EC has given its approval, the board's endorsement is still pending. iv. NRDCL explained that an in-depth study was	<u>Further Course of Action</u> NRDCL should provide the findings and recommendations of the in-depth study revealing that the centralised workshop is expensive and the management's decision to continue with the existing system. NRDCL should also review and analyse the percentage of hours allowed for unknown downtime based on the regions. <u>iii. Not Implemented</u> Since no action has been taken to certify the operators operating EME like tele logger, this recommendation shall remain not implemented. <u>Further Course of Action</u> NRDCL should collaborate with BQPCA to assess the necessity of certifying operators of heavy machinery. If deemed necessary,

Audit Report.....: Performance Audit Report on Operations of Natural Resources Development Corporation Limited (NRDCL)
AIN.....: 17340
Date of Issue.....: 2 August 2021
Name of Agency(ies).....: Natural Resources Development Corporation Ltd. (NRDCL), Druk Holding Investment (DHI), Department of Forest and Park Services (DoFPS)
Responsible Agency.....: NRDCL
No. of Follow-up Audit..: 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
					<p>conducted regarding centralisation of mechanical services and establishment of departmental workshops. The findings and recommendations of the study revealed that such endeavor is way expensive given the financial constraint of the company and management decided to continue with the existing system.</p> <p>v. Concerning downtime of the machinery, there were no actions undertaken to reduce the downtime allocated. While reviewing the utilisation of eight machines for the year 2023 (from January-September), five machines were utilised for less than 50% from the total available hours. Further, the hours allowed for unknown downtime remains 15% all across the regions and</p>	<p>certification for these operators should be initiated.</p> <p>iv. <u>Implemented</u> Based on the action taken to maintain the availability of spare parts at the given time, the recommendation is considered implemented.</p>

Audit Report.....: Performance Audit Report on Operations of Natural Resources Development Corporation Limited (NRDCL)
AIN.....: 17340
Date of Issue.....: 2 August 2021
Name of Agency(ies).....: Natural Resources Development Corporation Ltd. (NRDCL), Druk Holding Investment (DHI), Department of Forest and Park Services (DoFPS)
Responsible Agency.....: NRDCL
No. of Follow-up Audit..: 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
					<p>there is no basis for maintaining the said percentage.</p> <p>iii. Instituting a system of certifying the operators in collaboration with relevant agencies;</p> <p>Operators operating machines such as tele loggers, which do not fall under the Earth Moving Equipment (EME) category, are not certified by the Bhutan Qualifications and Professionals Certification Authority (BQPCA).</p> <p>Upon inquiry with the NRDCL, it was noted these operators still operate without certification. However, they receive basic training from the Company from which the machines are procured.</p> <p>iv. Ensuring availability of spare parts based on the</p>	

Audit Report: Performance Audit Report on Operations of Natural Resources Development Corporation Limited (NRDCL) AIN: 17340 Date of Issue: 2 August 2021 Name of Agency(ies): Natural Resources Development Corporation Ltd. (NRDCL), Druk Holding Investment (DHI), Department of Forest and Park Services (DoFPS) Responsible Agency: NRDCL No. of Follow-up Audit ..: 1						
Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
					<p>maintenance plan at each regional office.</p> <p>Procuring spare parts for imported machinery remains a challenge for the NRDCL, particularly concerning the time it takes to obtain them.</p> <p>For the supply of fast running-spares, SoP is developed and implemented with specific TAT.</p>	
4.6	<p>The NRDCL should institute a system of operationalising its CSP through annual plans</p> <p>The Corporate Strategic Plan as a strategic document provides overall direction of the company from the period 2019 to 2030. The targets are cascaded down to Annual Performance Compacts of the company which is signed with the</p>		<p>Implemented</p> <p>NRDCL during its 98th Board Meeting held on 1 September 2022 has endorsed the CSP Operational Plan (CSPOP) 2022 and issued for compliance and implementation with immediate effect. Thus, the recommendation is considered implemented.</p>	Nov 2021 to March 2022	<p>The RAA noted that to operationalise the CSP, the Annual CSP Operation Plan (CSPOP) was developed starting in the year 2022. The targets in the CSP are broken down into annual targets in the CSPOP.</p> <p>The targets are then cascaded in the form of an Annual Compact and Team Appraisal System (Compact with divisions, regions and independent sections). The targets in the Annual Compact and Team Appraisal System are further</p>	<p>Implemented</p> <p>The NRDCL has developed the CSPOP 2022-2023 and it charts out the Annual Plan as per the CSP to ensure implementation of CSP.</p> <p>Further, the CSP also includes the requirement to review activities implemented to verify their adequacy and timeliness.</p> <p>Thus, the recommendation is considered implemented.</p>

Audit Report.....: Performance Audit Report on Operations of Natural Resources Development Corporation Limited (NRDCL)
AIN.....: 17340
Date of Issue.....: 2 August 2021
Name of Agency(ies).....: Natural Resources Development Corporation Ltd. (NRDCL), Druk Holding Investment (DHI), Department of Forest and Park Services (DoFPS)
Responsible Agency.....: NRDCL
No. of Follow-up Audit..: 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
	<p>DHI on an annual basis and further cascaded down to division levels. However, the compacts are only targets and do not specify strategies to be pursued in the form of specific activities that are assigned to divisions and individuals. Thus, there is a missing link as far as annual plans are concerned. The company does not have a 72 system of having a separate annual plan to operationalise the strategies of the Corporate Strategic Plan. The performance targets are evaluated at the compact levels but the fact that all strategies are not reflected in the compacts, and there is no system of preparing annual plans, there is no</p>				<p>assigned to individual employees in the form of Individual Work Plans for implementation.</p> <p>The company also prepares CSPOP annually to ensure proper implementation of the CSP and also assesses its progress as per CSP.</p> <p>The implementation of strategic plan activities is to be reviewed during mid-term and annual performance review meetings.</p>	

Audit Report: Performance Audit Report on Operations of Natural Resources Development Corporation Limited (NRDCL) AIN: 17340 Date of Issue: 2 August 2021 Name of Agency(ies): Natural Resources Development Corporation Ltd. (NRDCL), Druk Holding Investment (DHI), Department of Forest and Park Services (DoFPS) Responsible Agency: NRDCL No. of Follow-up Audit ..: 1						
Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
	basis of monitoring and evaluation of annual activities. Therefore, there is a need to operationalise the strategic intents through annual plans which could be delegated to divisions and individuals within the organisation. The compacts could be derived from the operational plan.					
4.7	The NRDCL should reinforce its credit management system and ensure robust credit follow-up mechanism The Credit Policy developed for regulation and management of credit is found deficient in terms of covering all aspects of credit management. There were conflicting clauses on eligibility of customers		Implemented It has been noted that the credit policy has been revised and approved during 95 th Board Meeting held on 3 June 2022. The revised policy provides more clarity in term of credit terms and standards, credit timeline, documentations, payment terms, collection methodology and monitoring. Further, a sum of Nu. 97.838 million has been recovered from the total receivable amount of	Dec 2021 to March 2022	The Credit Policy 2017 was revised (Credit Policy 2022), the revised policy provides more clarity in terms of credit terms and standards, credit timeline/schedule, payment terms, collection methodology, and monitoring. The process for credit policy is detailed and ensures that all provisions are strictly complied with effect from 8th June 2022.	Implemented With the reinforcement of its credit management system and ensuring a robust credit follow-up mechanism as per the Credit Policy 2022, the recommendation is considered implemented.

Audit Report.....: Performance Audit Report on Operations of Natural Resources Development Corporation Limited (NRDCL)
AIN.....: 17340
Date of Issue.....: 2 August 2021
Name of Agency(ies).....: Natural Resources Development Corporation Ltd. (NRDCL), Druk Holding Investment (DHI), Department of Forest and Park Services (DoFPS)
Responsible Agency.....: NRDCL
No. of Follow-up Audit..: 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
	<p>for credit. The RAA noted total receivables amounting to Nu. 104 million from 228 customers as on 30th September 2020. The policy does not prescribe any procedure for assessing credit worthiness of general customers. A minimum procedure would enable the company to safeguard from risk of loss arising from customers' inability to pay the debt. The RAA noted that no such assessments were carried out prior to approval of credit. The inability of the company to realise its receivables within reasonable timeframe not only have adverse impact on its liquidity position but also would potentially</p>		<p>Nu.104 million, while the remaining balance is under litigation.</p> <p>In view of the above, the recommendation shall be considered implemented.</p> <p>However, the NRDCL should follow-up and expediate in recovering the remaining balance and RAA intimated accordingly.</p>		<p>Out of the total Nu. 104 million receivables as of 2019, the sum of Nu. 97.838 million was recovered and the remaining is under litigation.</p>	

Audit Report: Performance Audit Report on Operations of Natural Resources Development Corporation Limited (NRDCL) AIN: 17340 Date of Issue: 2 August 2021 Name of Agency(ies): Natural Resources Development Corporation Ltd. (NRDCL), Druk Holding Investment (DHI), Department of Forest and Park Services (DoFPS) Responsible Agency: NRDCL No. of Follow-up Audit ..: 1						
Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
	affect its financial performance if required to be written off. As such, there is a need for the company to review its existing policy and reinforce the whole credit management systems to regulate its credits and receivables more efficiently and effectively.					
4.8	<p>The NRDCL should enhance research and development activities for marketing its products</p> <p>The NRDCL besides being the premier agency for the extracting and distribution of commercial timber has no strategies developed for marketing. Without a market analysis, the NRDCL is not able to dispose of huge volumes</p>		<p><u>Implemented</u></p> <p>Since the research and development activities is put under Corporate Strategy Office and has its direct administration under CEO's office, the research and development activities are being carried out accordingly.</p> <p>Further, the unit has so far conducted researches on charcoal business, study on how to make appropriate use of dust generated by stone crushing plants, research on introduction</p>	Sep 2021 to June 2022	<p>The RAA noted that a Marketing Unit has been set up within the Corporate Strategy Office (CSO), reporting directly to the CEO's office. This unit is responsible for all research and development activities of the company.</p> <p>Various research initiatives have been undertaken, including studies on the charcoal business, the proper utilisation of dust generated by stone-crushing plants, the introduction of new products meeting international standards, and the analysis of</p>	<p><u>Implemented</u></p> <p>Research and Development efforts by the NRDCL can be seen in conducting market studies. Diverse marketing strategies have been devised to efficiently manage substantial quantities of timber and stone chips.</p> <p>Annual demand forecasts have been conducted to meet the demand and, ultimately enhancing the sales revenue.</p>

Audit Report.....: Performance Audit Report on Operations of Natural Resources Development Corporation Limited (NRDCL)
AIN.....: 17340
Date of Issue.....: 2 August 2021
Name of Agency(ies).....: Natural Resources Development Corporation Ltd. (NRDCL), Druk Holding Investment (DHI), Department of Forest and Park Services (DoFPS)
Responsible Agency.....: NRDCL
No. of Follow-up Audit..: 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
	<p>of timber and stone chips. On the other hand, domestic consumers were found importing huge amounts of wood-based products from neighboring countries. The crushing units were closed as the company faced shortage of demand for stone chips resulting in huge unsold stock. These were apparently fueled by inadequate market studies conducted and appropriate strategies explored to dispose-off excess quantities of the products. Therefore, the NRDCL needs to enhance Research and Development activities in undertaking market studies to forecast demands and develop strategies to market its products.</p>		<p>of new products meeting international standards, use of hardwood timber and its demand, etc.</p> <p>In view of the above, the recommendation shall be considered implemented.</p>		<p>hardwood timber and its demand.</p> <p>The research primarily covers industry and market analysis, cost-benefit analysis, financial analysis for economic sustainability, and ensuring resource sustainability.</p>	<p>In view of above, the recommendation is considered implemented.</p>

Audit Report.....: Performance Audit Report on Operations of Natural Resources Development Corporation Limited (NRDCL)
AIN.....: 17340
Date of Issue.....: 2 August 2021
Name of Agency(ies).....: Natural Resources Development Corporation Ltd. (NRDCL), Druk Holding Investment (DHI), Department of Forest and Park Services (DoFPS)
Responsible Agency.....: NRDCL
No. of Follow-up Audit..: 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
4.9	<p>The NRDCL should strengthen its HR development initiatives and performance management system</p> <p>In order to sustain overall human capacity within the organisation and also drive performance through motivated workforce, the development needs of the employees must be addressed through appropriate training and development interventions, and a good work environment. The work environment and occupational safety provided to its employees at field levels need improvements. Therefore, the NRDCL should focus on strengthening HR</p>		<p><u>Implemented</u></p> <p>It has been reported that all HR-related decisions are made through the Executive Committee Meeting and proper minutes of the ECM are maintained. Likewise, the guidelines on recruitment of GMs is being incorporated in the DHI Group Service Manual.</p> <p>With regard to the enforcement of OHS protocols, the safety gears were issued to the field staffs, constituted the OHS committee and carried out a various safety measures besides enforcement of strict safety monitoring in the company.</p> <p>Meanwhile, the NRDCL pays risk allowance for those staff working with sand dredging units in Wangdue during monsoon and pays compensation for any work-related accidents as per the Labour and Employment Act 2007.</p>	Jan 2022 to Jul 2022	<p>It was noted that Training Need Assessment (TNA) for the year 2023 was carried out and a Training Plan 2023 was developed based on the TNA and in line with the budget 2023. The Training Plan 2023 was approved during the 183rd Executive Committee (EC) Meeting held on 30 May 2023.</p> <p>All HR-related decisions were made through the EC Meeting and proper minutes were maintained.</p> <p>Guidelines on the recruitment of General Managers are being incorporated in the Draft DHI Group Service Manual that is soon to be finalised. This Service Manual is to be enforced by all DHI-owned companies. The currently recruited General Managers were based on the said guidelines.</p> <p>The RAA also noted that the ToR for Occupational Health</p>	<p><u>Implemented</u></p> <p>NRDCL has carried out TNA and the Training Plan has been developed in line with the TNA. OHS guideline is also developed and implemented.</p> <p>Benefits or entitlements are paid based on OHS guidelines and DHI group service rules. Based on these, the recommendation is considered implemented.</p>

Audit Report.....: Performance Audit Report on Operations of Natural Resources Development Corporation Limited (NRDCL)
AIN.....: 17340
Date of Issue.....: 2 August 2021
Name of Agency(ies).....: Natural Resources Development Corporation Ltd. (NRDCL), Druk Holding Investment (DHI), Department of Forest and Park Services (DoFPS)
Responsible Agency.....: NRDCL
No. of Follow-up Audit..: 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
	<p>development activities to address the capacity gaps, performance gaps and also to sustain motivated workforce by addressing the training needs in a more objective way and providing conducive work environment to its employees. The following actions amongst others be considered to address.</p>		<p>In view of the above, the recommendation shall be considered implemented.</p>		<p>and Safety Committee (OHSC) is constituted. A focal safety officer is appointed, safety sign boards are placed in strategic locations and strict safety monitoring is enforced in the company.</p> <p>Entitlement and issuance of uniform and safety gear are reviewed on a case-by-case basis depending on the nature of the job and exposure to risks.</p> <p>A notification has been issued by NRDCL stating that the NRDCL management and respective region offices are responsible for reviewing the enforcement and compliance of OHS measures by private contractors in their respective jurisdictions. Additionally, all the field staff were issued with the necessary safety gear as per the distribution list.</p> <p>Further, NRDCL has not paid high altitude allowance as per the pay revision order of DHI</p>	

Audit Report.....: Performance Audit Report on Operations of Natural Resources Development Corporation Limited (NRDCL)
AIN.....: 17340
Date of Issue.....: 2 August 2021
Name of Agency(ies).....: Natural Resources Development Corporation Ltd. (NRDCL), Druk Holding Investment (DHI), Department of Forest and Park Services (DoFPS)
Responsible Agency.....: NRDCL
No. of Follow-up Audit..: 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
					<p>2019, the high-altitude allowance (admissible for areas above 10,000 ft above sea level) since the current work stations of NRDCL are below the altitude admissible for higher altitude allowance.</p> <p>It was noted that NRDCL pays risk allowance for those staff working with sand dredging units in Wangdue during monsoon and pays compensation for any work-related accidents as per the Labour and Employment Act 2007.</p> <p>Additionally, the High-altitude allowance and difficulty allowances were paid as per the Remuneration Revision for NRDCL employees 2019.</p>	
4.10	The NRDCL should study the allocation of budget for maintenance of roads		<p><u>Implemented</u></p> <p>Since the guidelines for budget allocation for road maintenance has been approved during 183rd Executive Committee Meeting</p>	Nov 2021 to March 2022	The Guideline developed for Budget Allocation for Road Maintenance covers the following aspects:	<p><u>Partially Implemented</u></p> <p>The budget allocation for road maintenance is not carried out as per the guidelines and the routine maintenance work is also not</p>

Audit Report.....: Performance Audit Report on Operations of Natural Resources Development Corporation Limited (NRDCL)
AIN.....: 17340
Date of Issue.....: 2 August 2021
Name of Agency(ies).....: Natural Resources Development Corporation Ltd. (NRDCL), Druk Holding Investment (DHI), Department of Forest and Park Services (DoFPS)
Responsible Agency.....: NRDCL
No. of Follow-up Audit..: 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
	<p>Construction of forest roads is a key component in extraction and distribution of timbers from the FMUs by NRDCL. Issues were noted in terms of construction of forest roads as well as in its maintenance. One of the main issues was allocation of equal amount of maintenance budgets (Nu. 14000 per KM per annum) for all roads irrespective of varying climatic conditions, frequency of use and degree of maintenance required. Therefore, the NRDCL should maintain a comprehensive road inventory and accordingly plan the allocation of maintenance budget on a</p>		<p>held on 30 May 2023 and accordingly implemented, the recommendation shall be considered implemented.</p> <p>However, the NRDCL may share the updated road inventory with RAA for review and verification.</p>		<p>Maintenance activities were classified into three types:</p> <ol style="list-style-type: none"> 1. Routine/normal maintenance: The activities include clearing and cleaning drains and cross drainage culverts, and clearing bushes, shrubs, weeds and grasses. This type of maintenance shall be carried out on all roads within the FMUs when full-fledged FMU activities are involved. 2. Regular Maintenance: The activities include soling or filling works. Such maintenance shall be applied to only those FMUs where timber harvesting operations and other FMU activities are in full swing, and the budget allotted for routine/normal maintenance cannot meet the repair expenses. 3. Emergency Maintenance: Maintenance activities were undertaken during emergencies such as heavy damage to the 	<p>carried out as per the maintenance schedule prepared in the guidelines. As such, the recommendation is considered partially implemented.</p> <p><u>Further Course of Action</u></p> <p>NRDCL should plan the allocation of the budget for road maintenance as specified in the approved guideline.</p> <p>The routine maintenance work should also be carried out as per the maintenance schedule detailed in the guidelines.</p>

Audit Report.....: Performance Audit Report on Operations of Natural Resources Development Corporation Limited (NRDCL)
AIN.....: 17340
Date of Issue.....: 2 August 2021
Name of Agency(ies).....: Natural Resources Development Corporation Ltd. (NRDCL), Druk Holding Investment (DHI), Department of Forest and Park Services (DoFPS)
Responsible Agency.....: NRDCL
No. of Follow-up Audit..: 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
	need basis.				<p>forest road caused due to flash floods during the monsoon.</p> <p>Additionally, the Guideline highlights the proposed budget allocation system for road maintenance and the following factors were identified while allocating the annual budget provision for road maintenance:</p> <ul style="list-style-type: none"> a. Volume of timber production; b. Availability of materials at site; and c. Specific site condition <p>However, the existing practice is that the annual road maintenance budget is provisioned at a uniform lump-sum amount of Nu. 14,000 per km and Nu. 7,000 per km for active and non-active roads respectively and the concerned field offices are given the option/flexibility of prioritising and reallocating the budget on actual requirements within the overall approved budget for road maintenance.</p>	

Audit Report.....: Performance Audit Report on Operations of Natural Resources Development Corporation Limited (NRDCL)
AIN.....: 17340
Date of Issue.....: 2 August 2021
Name of Agency(ies).....: Natural Resources Development Corporation Ltd. (NRDCL), Druk Holding Investment (DHI), Department of Forest and Park Services (DoFPS)
Responsible Agency.....: NRDCL
No. of Follow-up Audit..: 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
4.11	<p>The NRDCL should immediately formalise and use the ERP system effectively</p> <p>The ERP is a system developed to enhance the service efficiency and improve data management, which still remains not used fully. It was also noted that some employees do not have the required competency of feeding data in the system, which has resulted in inconsistencies in the information maintained at headquarter and regions, making the data unreliable. Thus, RAA recommends the following: The ERP is a system developed to enhance the service efficiency and improve</p>	<p>i. NRDCL should formalise the use of ERP system to avoid data discrepancy and facilitate data-driven decision making; and</p> <p>ii. All employees required to use ERP should be trained on use of ERP and feeding data into the system in order to use the system effectively</p>	<p><u>Implemented</u></p> <p>NRDCL reported that that the ERP System has been fully implemented and closing of Annual Accounts as well as the financial audit for the year 2021 have been carried out through the ERP system.</p> <p>In view of the above, the recommendation shall be considered implemented.</p>	Aug 2021 to June 2022	<p>The RAA noted that for efficient and effective use of the ERP system, the NRDCL officials were provided with hands-on training.</p> <p>During the system walk-through, it was observed that the system captures information related to Finance, HR, Products and Services.</p> <p>Further, the RAA also assessed the types of reports that can be generated through the system for decision-making purposes. The reports generated during the review included consolidated sales reports, sales breakdowns by region and production reports.</p> <p>Furthermore, the same was corroborated by the compliance auditors of the RAA. The system-generated reports were used for auditing purposes, validating the reliability and quality of the reports generated.</p>	<p><u>Implemented</u></p> <p>The officials of NRDCL are well-acquainted with the system and it is being used effectively to manage the operations of NRDCL.</p> <p>The reports generated through the system can be used for decision-making purposes by the management, auditors and the Board. As such, the recommendation is considered implemented.</p>

Audit Report.....: Performance Audit Report on Operations of Natural Resources Development Corporation Limited (NRDCL)
AIN.....: 17340
Date of Issue.....: 2 August 2021
Name of Agency(ies).....: Natural Resources Development Corporation Ltd. (NRDCL), Druk Holding Investment (DHI), Department of Forest and Park Services (DoFPS)
Responsible Agency.....: NRDCL
No. of Follow-up Audit..: 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
	data management, which still remains not used fully. It was also noted that some employees do not have the required competency of feeding data in the system, which has resulted in inconsistencies in the information maintained at headquarter and regions, making the data unreliable. Thus, RAA recommends the following:					

EXHIBIT-G

Follow-up Audit Report of Performance Audit Report on Safe and Sustainable Road Transport System

AIN: PAD-2024-18

Audit Report	: Performance Audit Report on Safe and Sustainable Road Transport System
AIN	: 17636
Date of Issue	: 6 th May 2022
Name of Agency(ies)	: Department of Surface Transport (DoST), Bhutan Qualification and Professional Certification Authority (BQPCA), Bhutan Construction and Transport Authority(BCTA), City Bus Services
Responsible Agency	: BCTA
No. of Follow-up Audit	: 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
4.1	<p>The Ministry should come up with the comprehensive surface transport policy to provide overarching directions to ensure consolidated approaches to developing transport sector</p> <p>A safe, efficient, sustainable and inclusive transport system has become one of the common aspirations of nations around the world as it has a potential to play a significant role in contributing to most of the goals in the 2030 Agenda for Sustainable Development that are relevant to food security, health, energy, infrastructure, human settlements and climate change.</p> <p>As noted through the review, the development of transport sector is governed by the Road Safety and Transport Act 1999 and its subordinate instrument, RSTA Regulations 1999. The current situation is characterised by fragmented</p>		<p><u>Partially Implemented</u></p> <p>The draft Surface Transport Policy has been developed and is awaiting its final approval from the government. Until such time, the recommendation shall remain partially implemented.</p>	Contingent upon approval of the Cabinet.	<p>It was noted that the initial draft of the National Surface Transport Policy was submitted to the Gross National Happiness Commission (GNHC) Secretariat for review and comments vide letter no.MOIC/PPD-04(b)/992 dated 31 May 2022.</p> <p>On 25 July 2022, a revised draft policy was submitted to GNHC through email after incorporating the comments provided through the erstwhile Policy and Planning Division (PPD) under the Ministry of Information and Communication (MoIC).</p> <p>With the transformation initiative, the policy mandate was transferred to the MoIT. The PPD, MoIT had requested the Department of Surface Transport (DoST) to discuss and provide comments on the same. On 21 September 2023, DoST submitted the consolidated comments in a Google form</p>	<p><u>Partially Implemented</u></p> <p>Given that efforts and initiatives towards implementing the transport policy are still underway, the recommendation will remain partially implemented until policy is endorsed and submitted to Cabinet for approval.</p> <p><u>Further Course of Action</u></p> <p>The Ministry should come up with a comprehensive surface transport policy to provide directions and coordination efforts among agencies dealing with surface transport.</p>

Audit Report : Performance Audit Report on Safe and Sustainable Road Transport System
AIN : 17636
Date of Issue : 6th May 2022
Name of Agency(ies) : Department of Surface Transport (DoST), Bhutan Qualification and Professional Certification Authority (BQPCA), Bhutan Construction and Transport Authority(BCTA), City Bus Services
Responsible Agency : BCTA
No. of Follow-up Audit : 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
	<p>approaches in developing safer, efficient, sustainable and inclusive transport system by different agencies having roles in different aspects of transport sector. Such situation is basically fueled by the lack of well-defined institutional framework delineating responsibilities and accountability amongst agencies. A rising number of vehicles and consistently high incidences of accidents, injuries and fatalities raise concerns on public health. Despite persistent efforts of authorities in ensuring road safety management, the trend of traffic infringement and incidences of accidents do not show a decreasing trend. The Transport Policy 2006 is seen to be deficient in terms of addressing scattered mandates of multiple agencies and face challenges of forging an overarching strategy in the country. There is a need to give consideration for framing a single and overarching direction</p>				<p>which was also copied to the Director General (DG), DoST.</p> <p>Subsequently, PPD has provided a timeline, wherein, there will be a discussion between PPD and DoST, followed by a presentation to the DG by February 2024.</p> <p>Following this, the draft policy is scheduled for presentation at the Policy, Planning, and Coordination Meeting (PPCM). It has been communicated that in the event of endorsement, the PPD will formally communicate with the Cabinet.</p>	

Audit Report : Performance Audit Report on Safe and Sustainable Road Transport System AIN : 17636 Date of Issue : 6 th May 2022 Name of Agency(ies) : Department of Surface Transport (DoST), Bhutan Qualification and Professional Certification Authority (BQPCA), Bhutan Construction and Transport Authority(BCTA), City Bus Services Responsible Agency : BCTA No. of Follow-up Audit : 1						
Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
	that consolidates and offers integrated approaches to various aspects of transport sector including freight through a revised Transport Policy. A multi thronged strategies through cohesive working system and effective collaborative mechanism with relevant stakeholders can only be achieved through such interventions. It should specify responsibility, authority and accountability and ensure organisational systems and structures and professional capacity to deliver.					
4.2	<p>DoR and RSTA should adopt coordinated approach amongst relevant authorities in planning, designing, construction and operation of roads to ensure minimum safety standards</p> <p>The accidents due to conditions of road is one of the causes of death. Ensuring safer roads can be one way to reduce such accidents. The minimum safety</p>	i. In planning and designing road infrastructures (highways, urban roads, rural roads, access roads), the minimum safety standards must be ensured;	<p><u>Partially Implemented</u></p> <p>It has been noted that with the merger of the functions of RSTA and DoR into the Department of Surface Transport and formation of Bhutan Construction and Transport Authority (BCTA), it is expected</p>	Date of implementation is by end of July 2023 and it is a continuous process.	<p>Following the transformation, the RAA noted that DoST has been entrusted with the responsibility of planning, designing, constructing, and operating roads to uphold minimum safety standards, while the BCTA is limited to regulatory and compliance functions.</p> <p>During the meeting with the Design and Geotechnical,</p>	<p><u>Not Implemented</u></p> <p>As the Department has not yet formulated the essential safety standards, the assurance of minimum safety standards for road operation remains pending. Thus, the recommendation is considered not implemented.</p> <p><u>Further Course of Action</u></p>

Audit Report	: Performance Audit Report on Safe and Sustainable Road Transport System
AIN	: 17636
Date of Issue	: 6 th May 2022
Name of Agency(ies)	: Department of Surface Transport (DoST), Bhutan Qualification and Professional Certification Authority (BQPCA), Bhutan Construction and Transport Authority(BCTA), City Bus Services
Responsible Agency	: BCTA
No. of Follow-up Audit	: 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
	measures are therefore, desirable for all types of roads – highways, urban and rural. With fragmented roles of authorities in development of different roads in the country, there is apparently a diffusion of responsibility as far as addressing the safety needs are concerned. A robust collaborative approach could be attained in the following areas, amongst others:		<p>that the minimum safety standards would be ensured during the planning and designing of road infrastructure.</p> <p>Meanwhile, DoR is in the process of drafting the minimum safety standards for building of roads, which will be shared to relevant authorities building roads, once finalised.</p> <p>However, the minimum safety standards in the planning & design and during construction will be verified upon finalisation of standards by the BCTA and the DoR.</p>		<p>Construction, and Maintenance Divisions under DoST, the RAA was informed that no separate guideline/manual has been developed for considering the safety features in road design. DoST continues to rely on the Road Survey and Design Manual 2005, encompassing technical parameters with a focus on road alignment safety. It was noted that the Manual does not include designing for safety features like traffic calming measures (like traffic signage and road markings, bus and taxi stops) and traffic segregation (like footpaths and cycling trails). Consequently, the construction phase adheres to the design without incorporating a separate safety design.</p>	<p>Department of Surface Transport should formulate road safety standards to ensure adherence to minimum safety requirements.</p>

Audit Report : Performance Audit Report on Safe and Sustainable Road Transport System
AIN : 17636
Date of Issue : 6th May 2022
Name of Agency(ies) : Department of Surface Transport (DoST), Bhutan Qualification and Professional Certification Authority (BQPCA), Bhutan Construction and Transport Authority(BCTA), City Bus Services
Responsible Agency : BCTA
No. of Follow-up Audit : 1

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		ii. During construction, the quality standards must be constantly monitored to ensure compliance to safety standards in terms of technical specifications, alignment, gradient;			Furthermore, the Department was tasked with drafting minimum safety standards for road construction, intended for dissemination to relevant authorities involved in road construction upon finalisation. Nevertheless, owing to limitations in human resources, the implementation of the plan could not be realised under the current circumstances.	
		iii. The installation of signage, security systems like CCTVs, and infrastructure for traffic calming measures must be carried out in a more coordinated manner;	Implemented It has been noted that stakeholder meetings were convened in five regions under RSTA on the safe system approach, standards of traffic signs and road markings, and their importance in enhancing road safety. Further, the Road Safety and Traffic Coordination Committee (RSTCC) has come out with the report on the review of traffic signs and road markings in Thimphu Thromde in 2022.	June 2022 to December 2022	The supervision of road construction and maintenance is carried out by site engineers from the Construction and Maintenance Section of the Regional Offices.	

Audit Report : Performance Audit Report on Safe and Sustainable Road Transport System
AIN : 17636
Date of Issue : 6th May 2022
Name of Agency(ies) : Department of Surface Transport (DoST), Bhutan Qualification and Professional Certification Authority (BQPCA), Bhutan Construction and Transport Authority(BCTA), City Bus Services
Responsible Agency : BCTA
No. of Follow-up Audit : 1

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			<p>In view of the above, the recommendation shall be considered implemented. However, RAA recommends RSTCC to incorporate the installation of security systems like CCTVs and other infrastructure for traffic calming measures that the committee may have missed out in the report, and a similar exercise could be carried out in the rest of the regions as well.</p>			
		<p>iv. Maintenance and improvement of existing roads must be based on requirement to restore required safety of the roads;</p>	<p><u>Implemented</u> The Road Safety and Traffic Coordination Committee (RSTCC) has come out with the report on the review of traffic signs and road markings in Thimphu Thromde in 2022.</p>			

Audit Report : Performance Audit Report on Safe and Sustainable Road Transport System
AIN : 17636
Date of Issue : 6th May 2022
Name of Agency(ies) : Department of Surface Transport (DoST), Bhutan Qualification and Professional Certification Authority (BQPCA), Bhutan Construction and Transport Authority(BCTA), City Bus Services
Responsible Agency : BCTA
No. of Follow-up Audit : 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
			In view of the above, the recommendation shall be considered implemented. However, RAA recommends RSTCC to carry out a similar exercise in the rest of the regions as well.			
		v. Continuous monitoring of operation of roads, annual reporting on the safety situations, trends and remedial work undertaken must be ensured for improving the safety of the road network.	Implemented Since erstwhile RSTA had conducted road safety audits for Phuentsholing-Thimphu highway and Thimphu-Damphu highway in 2022, the recommendation shall be considered implemented. However, road safety audits should be conducted regularly to assess the status of roads and restore required safety of the	Continued		

Audit Report : Performance Audit Report on Safe and Sustainable Road Transport System AIN : 17636 Date of Issue : 6 th May 2022 Name of Agency(ies) : Department of Surface Transport (DoST), Bhutan Qualification and Professional Certification Authority (BQPCA), Bhutan Construction and Transport Authority(BCTA), City Bus Services Responsible Agency : BCTA No. of Follow-up Audit : 1						
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			roads in all the regions.			
4.3	<p>RSTA/DOR should institutionalise the system of conducting road safety audits for all roads</p> <p>Road safety audit is part of road safety management that independently examines and assess the safety standards especially in terms of safety hazards/risks, traffic signs, roadside topographies, environmental risk factors and surface conditions of existing or future roads. A road safety audit provides valuable inputs for improvement of road safety. The Road Act 2013 mandates the DoR to conduct road safety audit. However, a system of conducting a road safety audit is yet to be institutionalised.</p>	March 2022 to March 2023	<p><u>Partially Implemented</u></p> <p>It has been noted that with the merger of the functions of RSTA and DoR into the Department of Surface Transport and formation of Bhutan Construction and Transport Authority (BCTA), it is expected that the minimum safety standards would be ensured during the planning and designing of road infrastructure.</p> <p>Meanwhile, DoR is in the process of drafting the minimum safety</p>		<p>During follow-up audit, the RAA noted that BCTA has developed the 2022 Road Safety Audit (RSA) Guideline designed for implementing and assessing measures to enhance road traffic safety. It outlines fundamental safety principles for creating safer roads, offering field review checklists to address key audit issues. However, notably, the guideline explicitly states that it is not meant for compliance checks on road design schemes.</p> <p>Following the development of guidelines, a pilot road safety audit was carried out by the erstwhile Regulatory and Safety Division (RSD) under RSTA for the Phuntsholing-Thimphu Highway (AH-48) in 2022 to assess the relevance of</p>	<p><u>Partially Implemented</u></p> <p>The recommendation is considered partially implemented as there were no road safety audits conducted in 2023 and the system of conducting road safety audits is not yet institutionalised.</p> <p>Further, the revision of the RSA Guideline is under process.</p> <p><u>Further Course of Action</u></p> <p>BCTA should institutionalise the regular conduct of timely road safety audits and oversee the implementation of actions, ensuring the fulfilment of its mandate.</p>

Audit Report	: Performance Audit Report on Safe and Sustainable Road Transport System
AIN	: 17636
Date of Issue	: 6 th May 2022
Name of Agency(ies)	: Department of Surface Transport (DoST), Bhutan Qualification and Professional Certification Authority (BQPCA), Bhutan Construction and Transport Authority(BCTA), City Bus Services
Responsible Agency	: BCTA
No. of Follow-up Audit	: 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
	Thus, there is a need to institutionalise the system of conducting road safety audits to seek improvement on overall safety of the road networks. Such exercise should be initiated for all phases of planning, designing, construction, maintenance and operation of the roads as deemed appropriate.		<p>standards for building of roads, which will be shared to relevant authorities building roads, once finalised.</p> <p>However, unless there is a minimum safety standard set in the planning & design and during construction, it is less likely to create impact for carrying out the road safety audits.</p> <p>As such, the recommendation shall remain partially implemented until the finalisation of road safety standards and institution of road safety audits.</p>		<p>parameters specified in the RSA Guidelines 2022. The audit identified potential risks and recommended interventions, but there was no subsequent action on the recommendations.</p> <p>In 2022, a review of existing traffic signs, road markings, and footpaths within Thimphu Thromde core areas aimed to ensure safe traffic flow was conducted. Subsequent inspections in 2023 identified road safety concerns in Thimphu and issues were discussed during the 13th Road Safety and Traffic Coordination Committee Meeting. Decisions on each issue are pending an action report from Thimphu Thromde.</p> <p>Currently, the Regulatory and Compliance Division (RCD) is revising the road safety audit guideline following the transfer of the mandate to BCTA. Subsequently, the road safety audits are to be conducted by BCTA. Therefore, the road</p>	

Audit Report : Performance Audit Report on Safe and Sustainable Road Transport System AIN : 17636 Date of Issue : 6 th May 2022 Name of Agency(ies) : Department of Surface Transport (DoST), Bhutan Qualification and Professional Certification Authority (BQPCA), Bhutan Construction and Transport Authority(BCTA), City Bus Services Responsible Agency : BCTA No. of Follow-up Audit : 1						
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					safety audit is yet to be institutionalised.	
4.4	<p>RSTA should initiate systemic improvements in ensuring safer vehicles</p> <p>Safe vehicles play an important role in both averting crashes and reducing the likelihood of serious injury in the event of a crash. RSTA as an agency responsible for promulgating motor vehicle safety regulations, there is a need to assess and review the safety regulations and reinvigorate its enforcement and monitoring functions to ensure that vehicles that are used are safer in terms of meeting minimum safety standards and technical performance. Some of the areas that need attention to ensure safer vehicles are:</p>	<p>i. In terms of promulgating vehicle safety regulations, there is a need to define safety standards for the vehicles imported and incorporate the requirements in the RSTA regulations to regulate import of vehicles based on these standards. The regulations should be complemented by policies on technical safety, age limits, fuel efficiency, and environmental friendliness of vehicles;</p>	<p><u>Partially Implemented</u></p> <p>The RAA found that RST Regulations 2021 do not prescribe the safety requirements for motor vehicles.</p> <p>As such, RAA reiterates that the regulations should be complemented by policies on technical safety, age limits, fuel efficiency, and environmental friendliness of vehicles.</p> <p>Until such time, the observation shall remain partially implemented.</p>	<p>July 2022 to June 2023</p>	<p>In the course of the follow-up review, the RAA found that the safety requirements for vehicles are not prescribed in the RST Regulations 2021. There is only the minimum requirement of 796 CC for light vehicles, and a minimum of a four-stroke engine in the case of two-wheelers under clause 12, Category of Motor Vehicle and clause 13, Pre-requisites for the initial registration of a motor vehicle in the RST Regulations 2021. Therefore, the regulations only specify minimal criteria, such as engine size, with no detailed safety provisions.</p> <p>However, the BCTA is currently in the process of making decision whether to establish defined vehicle safety standards or opt for certifying and validating safety features in imported vehicles.</p> <p>For the financial year 2023-24, the BCTA has outlined the</p>	<p><u>Partially Implemented</u></p> <p>Although progress has been made, the BCTA has yet to define or validate the minimum vehicle safety standards.</p> <p>As such, the sub-recommendation is considered partially implemented.</p> <p><u>Further Course of Action</u></p> <p>BCTA should initiate systemic improvements to ensure safer vehicles through the following:</p> <ul style="list-style-type: none"> i) Define minimum vehicle safety standards or initiate the process of validating the safety features in the imported car as declared by the manufacturer; ii) Designate a proper location (or outsource as mentioned) for vehicle fitness testing; iii) Consider using the eRaLIS system directly during PDI/PAI inspections, streamlining the process;

Audit Report : Performance Audit Report on Safe and Sustainable Road Transport System
AIN : 17636
Date of Issue : 6th May 2022
Name of Agency(ies) : Department of Surface Transport (DoST), Bhutan Qualification and Professional Certification Authority (BQPCA), Bhutan Construction and Transport Authority(BCTA), City Bus Services
Responsible Agency : BCTA
No. of Follow-up Audit : 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
					<p>following activities, supported by the approved budget and the iWP:</p> <p>i) Conduct stakeholder consultations, particularly with vehicle import dealers, to decide on defining minimum safety standards for vehicles across various variants and categories or establishing guidelines/procedures to certify and validate safety features in imported vehicles as specified by manufacturers.</p> <p>ii) Develop standards or guidelines for automobile workshops to certify and validate genuine vehicle spare parts.</p>	<p>iv) Utilise the weighing machines consistently for both passenger buses and freight vehicles to ensure comprehensive compliance with vehicle overloading regulations. Further, the non-functional weighing machines should be made serviceable and used effectively.</p>
		<p>ii. In terms of monitoring the safety regulations of the vehicles, the RSTA should: - have a proper and designated location for vehicle fitness testing to avoid risks to other commuters;</p>	<p><u>Partially Implemented</u></p> <p>While RAA appreciates BCTA erstwhile RSTA for coming out with the check lists for road worthiness and passenger bus</p>	<p>March 2022 to August 2023</p>	<p>The RAA conducted a walkthrough of the vehicle fitness testing process and observed that the Motor Vehicle Inspector (MVI) conducts the testing based on the checklist within the eRaLIS system. After testing completion, an operator enters the results into the eRaLIS system, including the</p>	<p><u>Partially Implemented</u></p> <p>The issues identified in the initial audit regarding vehicle fitness testing remain unaddressed. Nonetheless, BCTA has initiated efforts to obtain approval for outsourcing vehicle fitness testing for roadworthiness certificates.</p>

Audit Report : Performance Audit Report on Safe and Sustainable Road Transport System
AIN : 17636
Date of Issue : 6th May 2022
Name of Agency(ies) : Department of Surface Transport (DoST), Bhutan Qualification and Professional Certification Authority (BQPCA), Bhutan Construction and Transport Authority(BCTA), City Bus Services
Responsible Agency : BCTA
No. of Follow-up Audit : 1

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		<ul style="list-style-type: none"> - develop comprehensive fitness checklist for holistic inspection of vehicles; - provide required equipment and training to the MVIs to enforce the safety requirements of vehicles; - develop a comprehensive checklist for pre-departure inspections of passenger transport vehicles and ensure that it is complied with; - inspect loading capacity of the freight vehicles by making effective use of weighing machines procured by the Authority; and - develop guidelines for processing route permits to the foreign visiting vehicles. 	<p>inspections, RAA further recommends the following:</p> <ul style="list-style-type: none"> i. Road worthiness checklist could incorporate insurance as well. ii. The Motor Vehicle Inspector (MVI) should sign-off the vehicle fitness checklist for every vehicle checked for fitness and document the same. 		<p>MVI's name. Then the roadworthiness certificate is issued.</p> <p>However, challenges were noted during the walkthrough, including inadequate space, simultaneous handling of numerous clients, and a lack of necessary testing equipment and facilities which were also observed at the time of audit.</p> <p>To address these challenges, the BCTA had approached automobile workshops to undertake vehicle fitness testing but faced reluctance due to perceived low return on investment.</p> <p>Simultaneously, the BCTA proposed outsourcing the vehicle fitness testing for roadworthiness certificates. The RAA noted that the outsourcing proposal was drafted and submitted to the Ministry of Infrastructure and Transport</p>	<p>Moreover, the utilisation of weighing machines at regional offices is not optimal.</p> <p>As a result, the sub-recommendation is considered partially implemented.</p> <p><u>Further Course of Action</u></p> <p>BCTA should initiate systemic improvements to ensure safer vehicles through the following:</p> <ul style="list-style-type: none"> i) Define minimum vehicle safety standards or initiate the process of validating the safety features in the imported car as declared by the manufacturer; ii) Designate a proper location (or outsource as mentioned) for vehicle fitness testing; iii) Consider using the eRaLIS system directly during PDI/PAI inspections, streamlining the process; iv) Utilise the weighing machines consistently for both passenger buses and freight vehicles to ensure

			<p>iii. Similarly, the pre-departure inspections could have check list for number of passengers in order to avoid excess passengers in the public transport buses. The issue of double ticketing and excess passengers in public transport was surfaced in the Kuensel issue dated 20 January 2023 for Gelephu to Thimphu route.</p> <p>iv. The MVIs across the country in the base offices should sign on the checklist after every pre-departure inspection and document the same.</p> <p>v. Similar form should be developed for highway inspections for regular highway</p>		<p>(MoIT) and the decision is pending.</p> <p>The Pre-Departure and Post-Arrival Inspection (PDI/PAI) checklist, outlined in Annexure I of the SOP for Operation of Passenger Bus Services, is currently used in hard copy by base office officials for inspecting passenger buses. Following the manual inspection, the information is transcribed into the eRaLIS system resulting in duplication of efforts. To optimise efficiency, the BCTA could consider using the eRaLIS system directly during inspections, streamlining the process.</p> <p>On the issue of effective use of weighing machines, the RAA found that of the five machines, three are functional at Mongar, Gelephu and Samdrup Jongkhar Regional Offices. Unfortunately, the machines in Phuentsholing and Thimphu were found to be non-functional during the follow-up audit.</p> <p>In response to the issue of vehicle overloading, BCTA has developed Standard Operating Procedures for the enforcement of Overloading of vehicles in June 2022.</p>	<p>comprehensive compliance with vehicle overloading regulations. Further, the non-functional weighing machines should be made serviceable and used effectively.</p>
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Audit Report : Performance Audit Report on Safe and Sustainable Road Transport System
AIN : 17636
Date of Issue : 6th May 2022
Name of Agency(ies) : Department of Surface Transport (DoST), Bhutan Qualification and Professional Certification Authority (BQPCA), Bhutan Construction and Transport Authority(BCTA), City Bus Services
Responsible Agency : BCTA
No. of Follow-up Audit : 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
			<p>inspections and enforcement should be signed off and documented.</p> <p>vi. RSTA should periodically inspect the loads of the freight vehicles and, should be signed off and documented.</p> <p>Until such time, the recommendation shall remain partially implemented.</p>		<p>The RAA also noted that the weighing machine at the Mongar Regional Office was actively used, evident from pictures and TIN issued for the overloading of passenger buses. However, the audit did not find evidence of freight vehicles being weighed using the machines at any of the regional offices.</p> <p>For the issue of processing route permits to foreign vehicles, BCTA had included the same under section 166 of the RST Regulations 2021. The RST Regulations 2021 require that vehicles are road-worthy to ply on Bhutanese roads. Documents such as driver’s license, vehicle insurance, registration, and roadworthiness certificate are verified and the physical inspection of the foreign vehicle is conducted.</p>	

Audit Report : Performance Audit Report on Safe and Sustainable Road Transport System
AIN : 17636
Date of Issue : 6th May 2022
Name of Agency(ies) : Department of Surface Transport (DoST), Bhutan Qualification and Professional Certification Authority (BQPCA), Bhutan Construction and Transport Authority(BCTA), City Bus Services
Responsible Agency : BCTA
No. of Follow-up Audit : 1

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4.5	<p>RSTA should ensure stringent enforcement and regulation of private driving training institutes besides strengthening the current system of issuing driving license</p> <p>i. In the existing system, learner’s license is issued to anyone who applies and has attained minimum age of 17 years on production of medical fitness certificate. After six months of its issue, the holder is eligible to sit for test (both theory and practical). In order to ameliorate the process of training and to ensure that the novices meet certain minimum criteria, knowledge and experience deemed necessary to drive vehicles, the licensing systems must be reinforced. These may include some of the following:</p>	<p>- Introducing pre-learning course before issue of learner’s license on safety aspects, traffic signage, and laws and rules to ensure that learner possesses minimum understanding of safety aspects and skills to operate the vehicle in the designated places;</p> <p>- A complete question bank for theory test must developed to be used for tests. The theory test content should not be limited to traffic signage but also on operation of vehicle;</p> <p>- Learning hours and supervision by licensed drivers must be prescribed and monitored to ensure that learners have undergone minimum hours of practice before applying for full-fledged license;</p>	<p><u>Implemented</u></p> <p>It has been reported that road safety videos on driving and safety rules, traffic signage, vehicle safety aspects are being shared on the BBS and RSTA Facebook and YouTube pages.</p> <p>Further, it was also learnt that the BCTA erstwhile RSTA is in the process of acquiring government land for establishing a driving training facility in Thimphu.</p> <p>In the case of learning hours and supervision by licensed drivers, BCTA should develop mechanisms to ensure that the learning hours is adhered to by driving training</p>	March 2021 to June 2023	<p>During the follow-up audit, the RAA found that a pre-learning course before issuing learner’s licenses is not yet introduced. However, BCTA’s website provides valuable safety tips, including pre-trip inspection, safety dos, traffic signs, and advice on scheduled maintenance for commercial vehicles.</p> <p>Regarding the sub-recommendation to create a question bank for the theory test, BCTA has developed an additional set of 100 questions in both Dzongkha and English. These questions assess drivers' knowledge of traffic signs, road markings, defensive driving, right-of-way rules, drunk driving laws, and basic vehicle maintenance. The question bank is accessible on the website for the public to practice and become familiar with the content. However, upon scrutiny as a test-taker, it was noted that the majority of theory test</p>	<p><u>Partially Implemented</u></p> <p>Despite BCTA's initiative to develop a question bank and make it available on their website for public familiarisation, it appears that same set of questions is being used for the actual theory test.</p> <p>Moreover, the pre-learning course is not introduced before the issuance of learners’ licenses.</p> <p>Therefore, the recommendation is considered partially implemented.</p> <p><u>Further Course of Action</u></p> <p>BCTA is recommended to enhance the current system of issuing driving licenses by:</p> <p>i) Introducing a pre-learning course before issuing the learner’s license. This course should cover safety aspects, traffic signage, laws, and rules,</p>

Audit Report : Performance Audit Report on Safe and Sustainable Road Transport System
AIN : 17636
Date of Issue : 6th May 2022
Name of Agency(ies) : Department of Surface Transport (DoST), Bhutan Qualification and Professional Certification Authority (BQPCA), Bhutan Construction and Transport Authority(BCTA), City Bus Services
Responsible Agency : BCTA
No. of Follow-up Audit : 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
		- Ensure proper infrastructures are in place to facilitate proper practice of driving for both the self-learners and those trained by the training institutes.	institute (DTI) through monitoring. In view of the above, the recommendation shall be considered implemented. However, the compliance for the same will be verified in the due course of time.		questions are identical to the practice questions on the website, with only minor rephrasing in the questions or options. Further, the processing of land acquisition for the driving test ground in Thimphu was cancelled due to the complexity of the involved processes and the inconvenient location. However, an alternative proposal to utilise an existing road between BCTA and STP as a highway driving test range has been put forward and approved by Thimphu Thromde. Currently, this road is in use for conducting driving tests.	ensuring learners possess a fundamental understanding of safety and essential skills for operating vehicles in designated areas. ii) Ensuring that the questions for the actual theory test differ from the sample question bank available on the website. This ensures a fair and unbiased evaluation of the test-taker's knowledge and understanding.
	ii. In collaboration with MoLHR, the driving training institutes must be regulated to ensure compliance to basic infrastructural requirements, safety features of vehicles used for trainings, employment of instructors, use of highways for driving practices, and		<u>Implemented</u> The Thimphu Regional Office jointly with the Regional Transport Offices of Punakha, Wangdi and Paro had conducted inspections	Ongoing quarterly activity	The monitoring of Driving Training Institutes (DTIs) was originally overseen by the then Department of Occupational Standards (DOS). Following the transformation, this responsibility has been shifted to the TVET Quality Council under the Bhutan Qualification	<u>Implemented</u> The implementation of a quality and compliance auditing framework marks a noteworthy improvement in the monitoring and compliance mechanism. This framework introduces a systematic and comprehensive

Audit Report : Performance Audit Report on Safe and Sustainable Road Transport System
AIN : 17636
Date of Issue : 6th May 2022
Name of Agency(ies) : Department of Surface Transport (DoST), Bhutan Qualification and Professional Certification Authority (BQPCA), Bhutan Construction and Transport Authority(BCTA), City Bus Services
Responsible Agency : BCTA
No. of Follow-up Audit : 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
	adherences to other requirements under the Act.		<p>of driving training institutes from 08/06/2022 to 12/06/2022 and had come out with the report on the verification of driving training institutes on 29 July 2022.</p> <p>In view of the above, the recommendation shall be considered implemented.</p> <p>However, the BCTA in coordination with Department of occupational standards, MoLHR should periodically monitor the DTIs to ensure compliances and other requirements under the Act.</p>		<p>and Professionals Certification Authority (BQPCA), MoESD.</p> <p>During the follow-up review, the RAA noted the following activities conducted by BQPCA with BCTA:</p> <ol style="list-style-type: none"> 1. Training of Trainers (TOT): <ul style="list-style-type: none"> • Conducted four batches of TOT for driving instructors by November 2022. • TOT in Thimphu and Phuntsholing will be conducted starting from 26th Feb 2024. Despite frequent TOT sessions, trainers sometimes leave, necessitating additional training. • A Certificate of Competency is issued based on assessment results, and participants not found competent must undergo further training. 2. Consultation Meetings: <ul style="list-style-type: none"> • Regular consultation meetings with DTIs to address issues and 	<p>approach to monitor, evaluate, and ensure the compliance of DTIs.</p> <p>Moreover, this comprehensive approach by BQPCA ensures ongoing scrutiny, evaluation, and enhancement of the quality and compliance of DTIs. As such, this sub-recommendation is deemed implemented.</p>

Audit Report : Performance Audit Report on Safe and Sustainable Road Transport System
AIN : 17636
Date of Issue : 6th May 2022
Name of Agency(ies) : Department of Surface Transport (DoST), Bhutan Qualification and Professional Certification Authority (BQPCA), Bhutan Construction and Transport Authority(BCTA), City Bus Services
Responsible Agency : BCTA
No. of Follow-up Audit : 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
					<p>challenges in driving training.</p> <ul style="list-style-type: none"> Discussions cover topics such as the driving training curriculum, system improvements, training facilities and related issues. <p>3. Joint Verifications:</p> <ul style="list-style-type: none"> BQPCA collaborates with BCTA to conduct joint verifications of training grounds, ensuring adherence to standards. <p>For the monitoring of driving institutes, the BQPCA carried out the following activities and initiatives:</p> <p>1. Monitoring of DTIs until 2022:</p> <ul style="list-style-type: none"> Regular meetings with DTIs focusing on compliance with infrastructure, trainer employment, highway usage, training duration, training calendar and more. The most recent meeting was conducted on 15th Jan, 2024. 	

Audit Report : Performance Audit Report on Safe and Sustainable Road Transport System
AIN : 17636
Date of Issue : 6th May 2022
Name of Agency(ies) : Department of Surface Transport (DoST), Bhutan Qualification and Professional Certification Authority (BQPCA), Bhutan Construction and Transport Authority(BCTA), City Bus Services
Responsible Agency : BCTA
No. of Follow-up Audit : 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
					<ul style="list-style-type: none"> • Monitoring encompasses physical resources, facilities, teaching and learning resources, governance, training delivery plan and feedback system, training vehicle and OHS facilities and safety measures. • Deficiencies are recorded in non-conformity/improvement reports, prompting corrective actions before subsequent visits. <p>2. Quality Audit Checklist:</p> <ul style="list-style-type: none"> • From 2023, monitoring was conducted based on the Quality Audit Checklist, evaluating criteria such as governance, teaching and learning, human resources, and physical facilities. Each criterion has a set of indicators. • Non-conformances are recorded in the Non-Conformance Report form, and corrective actions are expected on time. 	

Audit Report : Performance Audit Report on Safe and Sustainable Road Transport System AIN : 17636 Date of Issue : 6 th May 2022 Name of Agency(ies) : Department of Surface Transport (DoST), Bhutan Qualification and Professional Certification Authority (BQPCA), Bhutan Construction and Transport Authority(BCTA), City Bus Services Responsible Agency : BCTA No. of Follow-up Audit : 1						
Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
					3. Quality and Compliance Auditing: <ul style="list-style-type: none"> • BQPCA initiated Quality and Compliance Auditing, replacing earlier monitoring practices. • A detailed quality audit framework extending the earlier Quality Audit Checklist was developed in 2023 and piloted in January 2024. • A pilot audit for 12 driving institutes in Thimphu was conducted, with plans to refine the framework and extend audits to other regions based on findings. 	
4.6	RSTA should enforce Road Safety & Transport Regulations, which restricts the drivers to drive for long distances and period of driving Fatigue is a major contributing factor in crashes worldwide, which involve long trips and		<u>Implemented</u> It has been noted that the BCTA erstwhile RSTA, Thimphu had circulated an office memo for requirement of substitute driver for passenger bus routes plying continuously for more than 8 hours	Ongoing	In a concerted effort to uphold RST Regulations 2021, the RAA noted that the BCTA has issued a directive since May 31, 2022, mandating the requirement of substitute drivers for passenger bus routes exceeding 8 hours of continuous operation. This directive, effective from July 1, 2022, has	<u>Partially Implemented</u> The enforcement of Road Safety & Transport Regulations by BCTA reveals a lack of consistent implementation of the substitute driver requirement across all routes. Furthermore, there is an absence of a systematic mechanism to regularly monitor whether

Audit Report	: Performance Audit Report on Safe and Sustainable Road Transport System
AIN	: 17636
Date of Issue	: 6 th May 2022
Name of Agency(ies)	: Department of Surface Transport (DoST), Bhutan Qualification and Professional Certification Authority (BQPCA), Bhutan Construction and Transport Authority(BCTA), City Bus Services
Responsible Agency	: BCTA
No. of Follow-up Audit	: 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
	<p>extensive periods of continuous driving, and in short trips when the driver has previously been deprived of proper sleep or rest. Fatigue driving occurs when a driver, after prolonged periods of continuous driving experiences mental and physical functional disorder. For the safety of passengers travelling by commercial vehicles, the RSTA should enforce the maximum hours of drive as per the RST Regulations. In contracting the services of the public transport, it must be ensured that commercial passenger vehicles have substitute drivers for the journey/routes which generally involve more than eight hours.</p>		<p>in a day vide letter No. RSTA/TDD-02/2021-22/698 dated 31 May 2022 and it was issued for strict compliance w.e.f. 1 July 2022.</p> <p>Similarly, the office memo for implementation of one day journey routes for passenger buses in line with terms and conditions was issued vide letter No.RSTA/TM-23/2022-23/362 dated 10 January 2023.</p> <p>In view of the above, the recommendation shall be considered implemented. However, BCTA should ensure that such compliances are monitored and regulated for the safety of passengers</p>		<p>been reinforced through additional office memos issued on January 10 and November 2, 2023.</p> <p>Upon inquiry with the BCTA official to ensure compliance by the Bus operator, the RAA noted the following:</p> <ul style="list-style-type: none"> i. For implementation purposes, BCTA has provided two options to the bus operator for substitute driver engagement: wherein, they can either accompany the journey from the commencement or join midway. ii. The engagement of the substitute drivers is monitored during the daily Pre-Departure Inspection (PDI) and Post Arrival Inspection (PAI) by the BCTA Inspector. <p>Upon inquiry with the Motor vehicle inspectors of Thimphu</p>	<p>drivers are switching during the mid-way point of their journeys.</p> <p>This oversight poses a challenge to BCTA's commitment to enforcing regulations that aim to curtail extended driving distances and prolonged periods of continuous driving for the safety and well-being of drivers, passengers, and the general public. As such, the recommendation is considered partially implemented.</p> <p><u>Further Course of Action</u></p> <p>The BCTA should reinforce monitoring mechanisms to effectively enforce the requirement of substitute drivers on passenger bus routes plying continuously for more than 8 hours.</p>

Audit Report : Performance Audit Report on Safe and Sustainable Road Transport System
AIN : 17636
Date of Issue : 6th May 2022
Name of Agency(ies) : Department of Surface Transport (DoST), Bhutan Qualification and Professional Certification Authority (BQPCA), Bhutan Construction and Transport Authority(BCTA), City Bus Services
Responsible Agency : BCTA
No. of Follow-up Audit : 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
			travelling by commercial vehicles.		<p>and Samdrup Jongkhar Base, the RAA noted that the effectiveness of driver substitution is monitored through the e-RaLIS system during PDI and PAI. However, challenges arise when driver switches midway, as this process occurs beyond regular monitoring intervals.</p> <p>MVIs involved in PDI record driver details in the e-RaLIS system, and upon reaching the destination, MVIs conducting PAI update the system with the respective driver's information. While this mechanism allows them to verify if the drivers are exchanged, it does not facilitate the generation of information.</p> <p>It was also informed that the Thimphu to Panbang route has no substitute driver designated due to infrequent operation, scheduled only twice a week.</p>	

Audit Report : Performance Audit Report on Safe and Sustainable Road Transport System
AIN : 17636
Date of Issue : 6th May 2022
Name of Agency(ies) : Department of Surface Transport (DoST), Bhutan Qualification and Professional Certification Authority (BQPCA), Bhutan Construction and Transport Authority(BCTA), City Bus Services
Responsible Agency : BCTA
No. of Follow-up Audit : 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
4.7	<p>RSTA should institute demerit point system for the traffic infringement cases</p> <p>The RST Regulations specifies offences and corresponding penalty points for violations of the rules. Except for few major infringements, the penalty points are only used for application of monetary fines and does not accumulate further to attract more severe penalties for repeat offenses. Even in major infringement cases, it was noted that the repeat offences have not attracted specified penalty as prescribed by the rules.</p> <p>In order to ensure appropriate road behaviors by drivers, there is a need for a more effective deterrent system by way of assigning demerit points for every offence (major or minor) that would accumulate over a period of time to impose stricter penalties and sanctions. It can either lead to temporary suspension or cancellation of</p>		<p><u>Implemented</u></p> <p>Since the BCTA erstwhile RSTA has incorporated the demerit point system for traffic infringement cases in the RST Regulations 2021 and eRaLIS and the same has been implemented since 1 July 2022, the recommendation shall be considered implemented.</p> <p>However, the demerit point system for the traffic infringement cases will be verified in the due course of time.</p>	<p>Date of implementation from 1 July 2022 and it is ongoing process.</p>	<p>The RAA noted that BCTA has incorporated the demerit point system for traffic infringement cases in the RST Regulations 2021. The regulations highlight the following:</p> <ul style="list-style-type: none"> - The Authority shall suspend or reflect demerit point(s) on the driving license. -The Authority shall review and impose penalties including demerit point(s) on the driving licence, suspension or cancellation. -The Authority shall provide one demerit point on the driving license if a person holding a valid driving license fails to pay the penalty beyond eight weeks from the one-week grace period issued. <p>Although the RSTA regulation 2021 states that “<i>The demerit point, suspension and cancellation of the driving license shall be incorporated</i></p>	<p><u>Not Implemented</u></p> <p>The recommendation is considered not implemented since BCTA had not incorporated demerit points in the e-RaLIS system as required by regulations.</p> <p><u>Further Course of Action</u></p> <p>Attention should be given to the integration and automation of the demerit point recording process within the e-RaLIS system to eliminate the current reliance on monthly committee meetings for such crucial decisions.</p> <p>Thus, BCTA should institute demerit point system for the traffic infringement cases in the eRaLIS.</p>

Audit Report : Performance Audit Report on Safe and Sustainable Road Transport System
AIN : 17636
Date of Issue : 6th May 2022
Name of Agency(ies) : Department of Surface Transport (DoST), Bhutan Qualification and Professional Certification Authority (BQPCA), Bhutan Construction and Transport Authority(BCTA), City Bus Services
Responsible Agency : BCTA
No. of Follow-up Audit : 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
	<p>driving licenses for a specified period of time based on the threshold points specified. The conditions and process for revocation of suspension or cancellation of licenses can also be specified. Such a system would facilitate to identify, deter and penalise repeat offenders and would go a long way in improving the road behaviors of the drivers.</p>				<p><i>automatically in the electronic Registration and Licensing Information System (e-RaLIS)”, the demerit points feature is not incorporated in the e-RaLIS system and the cancellation or recording of demerit points is done through committee meetings which are conducted once a month. The MAP submitted also states that “Incorporated in the system (eRaLIS) for automatic recording demerit points without having to discuss in the committee meeting.”</i></p> <p>To evaluate the effectiveness of demerit, point recording, an examination of offence data from the calendar year 2023 was undertaken. Among the 11,655 recorded offences during that period, the following issues were noted:</p> <p>- The licenses associated with 2,862 offences were marked as "Null."</p>	

Audit Report : Performance Audit Report on Safe and Sustainable Road Transport System
AIN : 17636
Date of Issue : 6th May 2022
Name of Agency(ies) : Department of Surface Transport (DoST), Bhutan Qualification and Professional Certification Authority (BQPCA), Bhutan Construction and Transport Authority(BCTA), City Bus Services
Responsible Agency : BCTA
No. of Follow-up Audit : 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
					<p>-It was noted that 195 license holders had committed the same offense on more than three occasions.</p> <p>During the assessment of the 195 license holders, it was observed that the status of 62 licenses showed "NA," indicating no offenses had been committed. --Notably, inconsistencies in demerit point recording were identified. For instance, License Numbers PD-16292 and PD-11132 had three offenses related to "driving under the influence of alcohol," but their licenses were Punched only once. In contrast, License Numbers PD-18767 and PD-18580 each had three offenses of driving under the influence of alcohol, with their licenses being suspended and cancelled, respectively. This indicates the demerit points are not imposed fairly which should have been taken care of by the eRaLIS system.</p>	

Audit Report : Performance Audit Report on Safe and Sustainable Road Transport System AIN : 17636 Date of Issue : 6 th May 2022 Name of Agency(ies) : Department of Surface Transport (DoST), Bhutan Qualification and Professional Certification Authority (BQPCA), Bhutan Construction and Transport Authority(BCTA), City Bus Services Responsible Agency : BCTA No. of Follow-up Audit : 1						
Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
4.8	<p>Emergency Response system must be reinforced with SoPs that would render well-coordinated mechanism, and adequately equipped resources (equipment and human resource). RSTA, RBP and MoH should work on forming separate emergency team to attain motor vehicle accident cases</p> <p>The crash victims have a better chance of recovery, or avoiding death, if they receive quick response at the scene of an injury. This can be catered only through an efficient and well-equipped response team. In the current scenario, there is no designated specific emergency response team except for contact point to request assistance during emergency. There is a need for Standard Operating Procedures that minimally specifies the following:</p>	<p>-Form designated emergency response team comprising of officials from different stakeholders such as the Traffic police, Ministry of Health, Road Safety and Transport Authority and the DoR;</p> <p>- The emergency response should be trained and well equipped and made available round the clock;</p> <p>- A single contact point (universal number) throughout the country to request the response services and interventions to either to mitigate risk or initiate palliative measures by designated agencies;</p> <p>-Maintenance of uniform and comprehensive MVA data for conducting post-crash analysis;</p>	<p><u>Partially Implemented</u></p> <p>It has been noted that the draft SOP has been shared with the Department of Medical Services, Ministry of Health for incorporation of roles and responsibilities and other inputs.</p> <p>However, until finalisation of the SOP, the recommendation shall remain partially implemented.</p>	<p>15 September 2022 to 30 November 2022</p>	<p>The RAA noted that a SoP has been developed for coordination and collaboration among DoST, BCTA, Traffic Division- RBP, and the Department of Disaster Management.</p> <p>The SoP specifies the roles and responsibilities of each agency during the time of road disaster. However, the SoP explicitly specifies that the SoP is only for roadblocks that are caused by landslides and snowfall and not for other road incidences such as vehicle accidents.</p> <p>There is no practice of a designated emergency response team responding to motor vehicle accident cases.</p> <p>BCTA looks after passenger bus-related vehicle accidents, however those related to light vehicles/private vehicles are taken care of by the traffic police.</p> <p>No single point of contact</p>	<p><u>Partially Implemented</u></p> <p>While the Standard Operating Procedure (SoP) has been formulated, focusing on coordination among agencies for clearing roadblocks, it does not specifically address emergency response during vehicle accidents. As such, the recommendation is considered partially implemented.</p> <p><u>Further Course of Action</u></p> <p>The BCTA should play a leading role in updating the SoP to incorporate and enhance emergency response procedures during vehicle accidents. Additionally, there should be a focus on completing the vehicle crash data system as per the scheduled timeline.</p>

Audit Report : Performance Audit Report on Safe and Sustainable Road Transport System
AIN : 17636
Date of Issue : 6th May 2022
Name of Agency(ies) : Department of Surface Transport (DoST), Bhutan Qualification and Professional Certification Authority (BQPCA), Bhutan Construction and Transport Authority(BCTA), City Bus Services
Responsible Agency : BCTA
No. of Follow-up Audit : 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
		<p>- Mechanism to build information on emergencies and response actions taken for post-crash analysis;</p> <p>- Monitoring of implementation of SOPs.</p>			<p>(single emergency hotline number) for response services has been established as mentioned in the MAP provided earlier.</p> <p>The Motor Vehicle Accident (MVA) data is currently maintained by traffic officials from the Royal Bhutan Police (RBP). However, BCTA is actively collaborating with the Japan International Cooperation Agency (JICA) to develop a Vehicle Crash Data System. This system aims to host a comprehensive database for analysing attributes related to all accidents and traffic violations.</p> <p>It was noted that pre-development work for the Vehicle Crash Data Collection System has been finalised, and it will integrate the National Crime Record System used by RBP. The new system will serve two primary purposes:</p> <p>1. Fulfilling the requirements</p>	

Audit Report : Performance Audit Report on Safe and Sustainable Road Transport System AIN : 17636 Date of Issue : 6 th May 2022 Name of Agency(ies) : Department of Surface Transport (DoST), Bhutan Qualification and Professional Certification Authority (BQPCA), Bhutan Construction and Transport Authority(BCTA), City Bus Services Responsible Agency : BCTA No. of Follow-up Audit : 1						
Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
					<p>of traffic police for reporting vehicle crashes to higher authorities.</p> <p>2. Enhancing data-driven policy-making for policymakers.</p> <p>Upon completion, BCTA is planning to hand over the system to traffic officials and retain access to the data. The Vehicle Crash System will also be incorporated as an add-on module to the existing eRaLIS platform.</p>	
4.9	<p>RSTA should review the need to have guidelines to drive public transport strategies and plans for enhancing the social integration of vulnerable groups in public transport services</p> <p>This relates to social considerations for vulnerable groups in designing and planning the transport infrastructure as well as</p>	<p>i) The RSTA should review the need to have appropriate guidelines on providing infrastructures and facilities that address the convenience of general users and of vulnerable groups for enhancement of community integration and reduce social isolation of persons with disability and elderly people. The facilities provided must be</p>	<p>Implemented</p> <p>A review of the guidelines on functional requirements of passenger bus terminal, 2022 noted that under principles of terminal planning and design, the multimodal accessibility and feeder infrastructure</p>	<p>July 2022 to June 2023</p>	<p>A guideline on functional requirements of passenger bus terminals was developed in June 2022. The RAA noted that the guideline provides the plan and design of the infrastructure and facilities including the functionality and convenience of the passengers. However, the intended user of the guideline is not explicitly mentioned, and there is an absence of a forwarding letter signed to</p>	<p>Partially Implemented</p> <p>Efforts are being made to make the Thimphu bus terminal convenient and accessible.</p> <p>However, the sub-recommendation is considered partially implemented based on the following:</p> <ul style="list-style-type: none"> Although the guideline was developed, it is not confirmed whether the

Audit Report : Performance Audit Report on Safe and Sustainable Road Transport System AIN : 17636 Date of Issue : 6 th May 2022 Name of Agency(ies) : Department of Surface Transport (DoST), Bhutan Qualification and Professional Certification Authority (BQPCA), Bhutan Construction and Transport Authority(BCTA), City Bus Services Responsible Agency : BCTA No. of Follow-up Audit : 1						
Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
	facilitating the enhancement of social integration through public transport.	to the extent possible, based on the ergonomic dimensions of intended users and also maintain provisions for additional specific requirements. This should also include safeguards against harassments and inconveniences that are created in using the transport services.	<p>have been integrated will be inclusive and accessible for all, including differently-abled people, people carrying luggage, pregnant women, children, people travelling with infants etc.</p> <p>As such, the recommendation shall be considered implemented.</p> <p>However, the BCTA should share the guideline with the LGs, Dzongkhags and Thromdes and ensure that the responsible agencies comply with the requirements during the construction of bus terminals in future.</p>		<p>indicate official approval and endorsement for implementation.</p> <p>A positive development has been noted in the Thimphu Bus Terminal at Lungtenzampa, which includes the following:</p> <ol style="list-style-type: none"> 1. Ramps for wheelchair users and people with mobility issues ensuring an inclusive and accessible environment; 2. Luggage carts are provided for the convenience of the passengers carrying heavy luggage. Notably, old luggage carts from Paro International Airport were repurposed, showcasing a resourceful approach to improving services for passengers. 	<p>guideline is officially endorsed for implementation.</p> <ul style="list-style-type: none"> • Moreover, the guideline was not shared with the LGs (Dzongkhags and Thromdes) to ensure that the responsible agencies incorporate the requirements during the construction of bus terminals in future. Thus, it is unclear if the future bus terminals will be constructed based on the design principles of the guideline. <p><u>Further Course of Action</u></p> <p>To further enhance the effectiveness of the guideline on functional requirements of passenger bus terminal 2022, it is recommended that:</p> <ol style="list-style-type: none"> i) Formal endorsement of the guideline for implementation. ii) After endorsement, share the guideline with Local Governments (Thromdes and Dzongkhags) to

Audit Report : Performance Audit Report on Safe and Sustainable Road Transport System AIN : 17636 Date of Issue : 6 th May 2022 Name of Agency(ies) : Department of Surface Transport (DoST), Bhutan Qualification and Professional Certification Authority (BQPCA), Bhutan Construction and Transport Authority(BCTA), City Bus Services Responsible Agency : BCTA No. of Follow-up Audit : 1						
Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
						facilitate its widespread understanding and adoption. Being aware, there is a greater likelihood of incorporating these functional requirements during the planning and construction of bus terminals in various regions. This would ultimately contribute to improved bus terminal infrastructure and create a more inclusive and accessible public transport system for all citizens, including vulnerable groups.
		ii) Having a policy on fare concession for specific sections of society like differently abled, elderly and children.	Implemented Since there is a provision of providing fare concession for children and elderly as per the fare computation model as reported by the BCTA erstwhile RSTA, the recommendation shall		With regard to fare concession, the RST Regulations 2021 stipulate that ' <i>A child under the age of 5 years shall not be counted as a passenger unless he has opted to occupy a seat by paying full fare</i> '. Except for this, there are no other clauses on fare concessions.	Partially Implemented Although fare concessions are offered in city bus services, they are not extended to inter-dzongkhag public transports. Considering the importance of fare concession policy to ensure that students, senior citizens, and persons with disabilities have access to more affordable

Audit Report : Performance Audit Report on Safe and Sustainable Road Transport System
AIN : 17636
Date of Issue : 6th May 2022
Name of Agency(ies) : Department of Surface Transport (DoST), Bhutan Qualification and Professional Certification Authority (BQPCA), Bhutan Construction and Transport Authority(BCTA), City Bus Services
Responsible Agency : BCTA
No. of Follow-up Audit : 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
			<p>be considered implemented. However, the student fare discount of 10% should be disseminated and uniformly implemented accordingly.</p>		<p>During the follow-up review, the RAA noted there is an absence of policy on fare concession. Further, BCTA officials conveyed that the previous 10% fare concession for students has been discontinued as the students have not availed the fare concession.</p> <p>Nonetheless, it is noteworthy that the City Bus Service Office in Thim Throm has taken the initiative to offer fare concessions through the use of smart cards. The following smart cards are issued based on the concession categories:</p> <ol style="list-style-type: none"> 1. Concessional 30% off(Students) 2. Senior Citizen- 10% off 3. Person with disabilities- 20% off 4. Regular <p>Implementation of smartcards fare concessions demonstrates the effort by City Bus Service Office to address the needs of</p>	<p>public transports, the sub-recommendation is considered partially implemented unless such policy is adopted and implemented.</p> <p><u>Further Course of Action</u></p> <p>The BCTA should implement a fare concession policy specifically tailored for certain sections of society, such as differently-abled individuals, the elderly, and students, in the context of inter-dzongkhag public transportation.</p>

Audit Report : Performance Audit Report on Safe and Sustainable Road Transport System AIN : 17636 Date of Issue : 6 th May 2022 Name of Agency(ies) : Department of Surface Transport (DoST), Bhutan Qualification and Professional Certification Authority (BQPCA), Bhutan Construction and Transport Authority(BCTA), City Bus Services Responsible Agency : BCTA No. of Follow-up Audit : 1						
Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
					different segments of the population. This ensures that students, senior citizens, and persons with disabilities have access to more affordable public transportation, promoting inclusivity and making public transport services more accessible to diverse groups in the community.	
4.10	<p>Thromde should make urban transport efficient to address the traffic congestion in urban areas</p> <p>In order to address the needs of the expanding population, the cities and towns require integrated transport plans. The efficient public transport in the urban areas will reduce the number of private cars and ultimately reduce the traffic congestion and its adverse effect on the environment. As of now, there is no efficient public transport even in the capital city resulting in traffic congestion which is most</p>		<p><u>Partially Implemented</u></p> <p>RAA on review of the Pre-feasibility study report on Public Transport enhancement under Bhutan Green Transport Project noted several findings and recommendations being made and provided the way forward before the decision for full-fledged BRTS.</p>		<p>During the follow-up audit, it was noted that the City Bus Service Office has been directed to operate as a State-Owned Enterprise (SOE), functioning as a distinct entity. This directive, outlined in the letter No. C-3/73/2020/689 dated 29th September 2020 from the Cabinet and PMO, mandates the City Bus Service Office to report directly to Thrompon, Thimphu Thromde. This strategic shift has led to improved coordination with Thimphu Thromde, particularly in the operational aspects of city bus services.</p>	<p><u>Implemented</u></p> <p>The recommendation is considered as implemented in view of the following:</p> <ol style="list-style-type: none"> 1. The governance structure of the City Bus Service Office to function under the modality of SOE. 2. Several key initiatives have been implemented to transform and optimise the city bus services in Thimphu Thromde. 3. Moreover, the Lhengye Zhungtsho (LZ) has instructed the MoF and the MoIT to collaborate on

Audit Report : Performance Audit Report on Safe and Sustainable Road Transport System
AIN : 17636
Date of Issue : 6th May 2022
Name of Agency(ies) : Department of Surface Transport (DoST), Bhutan Qualification and Professional Certification Authority (BQPCA), Bhutan Construction and Transport Authority(BCTA), City Bus Services
Responsible Agency : BCTA
No. of Follow-up Audit : 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
	discussed topics in the main stream and Social Medias. Lack of clarity in the governance structure of the urban public transport is one of the main causes for its inefficiency among other reasons. There is a need for an integrated approach in developing a transport plan in collaboration with relevant stakeholders and enforcement through constant monitoring by relevant agencies and authorities.		In that regard, the follow-up actions or report prepared, if any by Thimphu Thromde should be shared with RAA for review and verification. Until such time, the recommendation shall remain partially implemented.		Moreover, the Lhengye Zhungtsho (LZ) has instructed the MoF and the MoIT to collaborate on formulating a proposal for the establishment of a State-Owned Enterprise (SOE) tasked with delivering city bus services in all Thromdes nationwide. This directive is outlined in the Cabinet letter No. C-3/155/2023/1848 dated 31 October 2023. The intended outcome of this directive is to foster an integrated approach aimed at improving urban transport on a broader scale. Furthermore, in a move to enhance the leadership of the City Bus Service Office, LZ has officially appointed the acting Director to a full-fledged Director role. This strategic decision has contributed to a marked improvement in the overall management and operations of city bus services leading to efficient and reliable urban transport services.	formulating a proposal for the establishment of a State-Owned Enterprise (SOE) tasked with delivering city bus services in all Thromdes nationwide.

Audit Report : Performance Audit Report on Safe and Sustainable Road Transport System
AIN : 17636
Date of Issue : 6th May 2022
Name of Agency(ies) : Department of Surface Transport (DoST), Bhutan Qualification and Professional Certification Authority (BQPCA), Bhutan Construction and Transport Authority(BCTA), City Bus Services
Responsible Agency : BCTA
No. of Follow-up Audit : 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
					<p>The City Bus Service Office, in collaboration with Thimphu Thromde, BTCA, and Traffic Police, has initiated the introduction of a pilot and phased implementation of bus priority lanes to enhance urban transport efficiency on 18th January 2024. Allocating a dedicated lane not only tackles concerns regarding the reliability of city buses but also has the potential to boost ridership and improve overall traffic flow. Since the implementation of the dedicated bus lane, buses have experienced a time-saving benefit of 20 minutes.</p> <p>The RAA noted several key initiatives implemented to transform and optimise the urban transport system:</p> <ol style="list-style-type: none"> 1. Fleet Expansion: A fleet of 60 buses. 2. Route Optimisation: Establishing 14 main bus routes, along with 	

Audit Report : Performance Audit Report on Safe and Sustainable Road Transport System
AIN : 17636
Date of Issue : 6th May 2022
Name of Agency(ies) : Department of Surface Transport (DoST), Bhutan Qualification and Professional Certification Authority (BQPCA), Bhutan Construction and Transport Authority(BCTA), City Bus Services
Responsible Agency : BCTA
No. of Follow-up Audit : 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
					subsidiary routes, connecting various parts of the Thromde efficiently. 3. Infrastructure Enhancement: Setting up 320 bus stops and four bus terminals to streamline the flow of traffic and provide convenient access points. 4. Smart Ticketing System: Introducing smart cards for ticketing purposes, offering a convenient and efficient payment method for passengers. 60 dedicated bank accounts for 60 buses were setup, integrated with the mBOB system to cater to those without smart cards. Tickets are made costlier to discourage the use of tickets. 5. Real-time Monitoring: Implementing a Fleet Management System for real-time monitoring of buses, ensuring optimal performance and timely interventions and reduce	

Audit Report : Performance Audit Report on Safe and Sustainable Road Transport System
AIN : 17636
Date of Issue : 6th May 2022
Name of Agency(ies) : Department of Surface Transport (DoST), Bhutan Qualification and Professional Certification Authority (BQPCA), Bhutan Construction and Transport Authority(BCTA), City Bus Services
Responsible Agency : BCTA
No. of Follow-up Audit : 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
					<p>monitoring efforts and costs.</p> <p>6. Extended Operating Hours: Extending operational hours from 7 AM to half-past midnight, with two shift systems to cater to different periods of the day.</p> <p>7. Enhanced Cleanliness: Regular cleaning practices, including the interiors and seats of the buses, to maintain a high standard of hygiene.</p> <p>These initiatives have resulted in significant positive outcomes, including a reduction in revenue leakage, a substantial increase in ridership, and enhanced efficiency in both management and operations. The city bus service office witnessed a remarkable growth in revenue collection, with Nu. 61.903 million in FY 22-23 compared to Nu. 26.553 million in FY 21-22. The average daily passenger count has also surged, reaching</p>	

Audit Report : Performance Audit Report on Safe and Sustainable Road Transport System AIN : 17636 Date of Issue : 6 th May 2022 Name of Agency(ies) : Department of Surface Transport (DoST), Bhutan Qualification and Professional Certification Authority (BQPCA), Bhutan Construction and Transport Authority(BCTA), City Bus Services Responsible Agency : BCTA No. of Follow-up Audit : 1						
Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
					<p>over 21,000 passengers per day since 2021.</p> <p>In the near future, the City Bus Service Office is planning to further enhance its fleet by procuring medium-sized buses to cater specifically to subsidiary lanes, thereby ensuring sustained improvements and better service coverage.</p>	
4.11	<p>Public transport should be made convenient and accessible</p> <p>In order to boost the public transport ridership, transport service should be designed in a way that it accommodates the service levels required by the public transport users. Despite being one of the most important determinants of public transport demand in the country, convenience is often neglected in transportation systems design and assessment of operational performance. This has resulted</p>	<p>Developing shelter at bus terminal, bus stops and taxi stands where the commuters can take rest comfortably while waiting for the transportation service;</p>	<p><u>Partially Implemented</u></p> <p>The Bhutan Construction and Transport Authority (BCTA) whether shared the Guidelines for bus terminal with the LGs should be validated in audit.</p>	<p>Guidelines shared by October 2022</p>	<p>Upon inquiry with the City Bus Service Office, it was found that although Thimphu Thromde had constructed 13 shelters, these shelters were not functional. The City Bus Service Office has built one shelter which is modern and functional featuring polycarbonate sheets with the added utility of putting up advertisements on the shelter. Moreover, the office has plans to construct additional shelters with similar features.</p> <p>Regarding shelters at bus terminals, the current guideline</p>	<p><u>Partially Implemented</u></p> <p>City Bus Service Office has plans to construct additional shelters in Thimphu Throm for city bus users. Until such plans are materialised, this sub-recommendation is considered partially implemented.</p> <p>However, the construction of additional shelters in bus terminals is dependent on the implementation of the guideline and resources of the LGs and the implementation of recommendation 4.9.</p>

Audit Report : Performance Audit Report on Safe and Sustainable Road Transport System AIN : 17636 Date of Issue : 6 th May 2022 Name of Agency(ies) : Department of Surface Transport (DoST), Bhutan Qualification and Professional Certification Authority (BQPCA), Bhutan Construction and Transport Authority(BCTA), City Bus Services Responsible Agency : BCTA No. of Follow-up Audit : 1						
Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
	in the rise of private vehicles causing traffic congestion, compromising safety and environmental hazard. In order to provide convenient and accessible public transport services, some of the areas that need special focus are:				<p>on functional requirements of passenger bus terminal 2022 lacks specific coverage on shelters. However, it does mention that seating in and around the bus terminal complex should be planned to accommodate a minimum of 30% of all passengers in the facility.</p> <p>Despite this general guidance, the effective implementation of the guideline, particularly in terms of incorporating design requirements in the construction of future bus terminals, remains to be observed.</p>	<p><u>Further Course of Action</u></p> <p>Additional shelters should be constructed by the City Bus Service Office, Thimphu Throm for city bus stops.</p>
		Making the ticketing process more convenient with the use of ICT such as e-ticketing systems, mobile apps, QR code-using banking apps and other mobile apps;	<p><u>Partially Implemented</u></p> <p>BCTA should update on the uniform e-ticketing system through mobile or web-based apps.</p>	July 2024 to March 2025	<p>For city buses, the City Bus Office offers the following options for ticketing:</p> <ol style="list-style-type: none"> 1. Smart cards 2. Tickets through the mBOB QR code banking app. <p>As for public transportation, the Drukride ticketing mobile app collaborates with various bus operators, providing a platform</p>	<p><u>Partially Implemented</u></p> <p>While the convenience of purchasing tickets is enhanced, the fare refund regulation is not effectively implemented. As such, the sub-recommendation is partially implemented.</p> <p><u>Further Course of Action</u></p>

Audit Report : Performance Audit Report on Safe and Sustainable Road Transport System
AIN : 17636
Date of Issue : 6th May 2022
Name of Agency(ies) : Department of Surface Transport (DoST), Bhutan Qualification and Professional Certification Authority (BQPCA), Bhutan Construction and Transport Authority(BCTA), City Bus Services
Responsible Agency : BCTA
No. of Follow-up Audit : 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
					<p>to purchase tickets. Additionally, booking counters in bus terminals use banking apps with QR code functionality for ticket transactions.</p> <p>Moreover, the RST Regulations 2021 outlines provisions for fare refunds in case of ticket cancellation. Nevertheless, the RAA noted challenges in implementation. During the field visits to ticketing counters, the RAA noted that except for one counter, the ticketing counters in the Thimphu bus terminal are not aware of this refund policy. Besides, the phrases 'Non-refundable' and 'Ticket once sold will not be refundable' printed on most bus tickets indicate a lack of alignment with the refund clause outlined in the regulations.</p>	<p>BCTA should conduct a consultative meeting with bus operators across the country to implement fare refund regulation and enhance passenger awareness.</p>

Audit Report : Performance Audit Report on Safe and Sustainable Road Transport System AIN : 17636 Date of Issue : 6 th May 2022 Name of Agency(ies) : Department of Surface Transport (DoST), Bhutan Qualification and Professional Certification Authority (BQPCA), Bhutan Construction and Transport Authority(BCTA), City Bus Services Responsible Agency : BCTA No. of Follow-up Audit : 1						
Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
		Maintaining reliable information on bus services availability throughout the country;	<p><u>Implemented</u></p> <p>RAA noted the installation of GPS tracker in 197 passenger buses, bus information board in Thimphu bus terminal and incorporation of data on bus routes, timing, PDI/PAI reports, etc in the eRALIS.</p> <p>In view of the above, the recommendation shall be considered implemented. However, it will be verified in the due course of time.</p>	August 2023 to December 2023	<p>The RAA found that the BCTA implemented GPS trackers for buses, enabling real-time monitoring through the Fleet Management System and eRaLIS 2.0. This integration allows for checking estimated arrival times and viewing live bus locations on the eRaLIS 2.0 bus schedule module, enhancing overall fleet efficiency. Moreover, there is a bus information board in the Thimphu bus terminal showing the bus schedule in real-time.</p> <p>Similarly, city buses are tracked in real-time, and their live locations are displayed on a large TV screen at the City Bus Office, eliminating the need for on-site monitoring and further improving operational efficiency.</p>	<p><u>Implemented</u></p> <p>This sub-recommendation is considered implemented as real time bus information is displayed on board at the bus terminal.</p>
		Provision of luggage rooms for keeping luggage of the passengers at bus terminals;	<p><u>Partially Implemented</u></p> <p>BCTA whether shared the Guidelines for bus</p>	Continued process	The guideline on functional requirements of passenger bus terminal 2022 also specifies the desire to have luggage rooms at the bus terminals. During the	<p><u>Implemented</u></p> <p>The provision of luggage rooms in all the bus terminals is dependent on the</p>

Audit Report : Performance Audit Report on Safe and Sustainable Road Transport System AIN : 17636 Date of Issue : 6 th May 2022 Name of Agency(ies) : Department of Surface Transport (DoST), Bhutan Qualification and Professional Certification Authority (BQPCA), Bhutan Construction and Transport Authority(BCTA), City Bus Services Responsible Agency : BCTA No. of Follow-up Audit : 1						
Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
			terminal with the LGs should be validated in audit.		review, the RAA observed that there is adequate space to stow luggage at the Thimphu bus terminal for passenger convenience.	implementation of the guideline, and the resources available. It is also dependent on the implementation of recommendation 4.9. As such, the sub-recommendation is considered implemented.
		Constant monitoring of provision of comfortable seats, recess time, convenient lunch and breakfast point, destination information, etc. for passengers;	<u>Partially Implemented</u> BCTA should share the periodic reports on the passenger bus services for RAA’s review and verification.	August 2023 to April 2025	For city bus services, the office regularly cleans the buses including the interiors and seats of the buses. For inter-dzongkhag buses, the BCTA conducts PDI and addresses any complaints from the passengers. An example is the resolution of a complaint received on 16th Sept 2022 regarding dirty seats.	<u>Implemented</u> There is a monitoring mechanism in place through the PDI for inter-dzongkhag buses. Additionally, city buses undergo regular cleaning based on a scheduled routine. Hence, the sub-recommendation is considered implemented.
		Provision of transport connectivity and enhanced frequency to public services at identified locations for robust urban transit systems as well as rural transports.	<u>Partially Implemented</u> BCTA may provide the status on the conduct of need assessment of public transport including rural areas.	July 2024 to June 2025	The RAA noted that Lhengye Zhungtsho (LZ) directed the MoF and the MoIT to collaborate on formulating a proposal for the establishment of a State-Owned Enterprise (SOE) tasked with delivering city bus services in all Thromdes nationwide vide Cabinet letter No. C-3/155/2023/1848 dated	<u>Implemented</u> With the intention to establish a State-Owned Enterprise (SOE) for urban transport and the active efforts of BCTA in ensuring transport connectivity for rural areas, this sub-recommendation is deemed implemented.

Audit Report : Performance Audit Report on Safe and Sustainable Road Transport System AIN : 17636 Date of Issue : 6 th May 2022 Name of Agency(ies) : Department of Surface Transport (DoST), Bhutan Qualification and Professional Certification Authority (BQPCA), Bhutan Construction and Transport Authority(BCTA), City Bus Services Responsible Agency : BCTA No. of Follow-up Audit : 1						
Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
					<p>31 October 2023. The establishment of an SOE would eventually lead to robust urban transit systems in all Thromdes.</p> <p>For rural connectivity, bus operators propose bus routes, and in some instances, the BCTA invites operators based on identified needs, ensuring flexibility in addressing rural transportation requirements.</p>	
4.12	<p>RSTA should put in place regular monitoring of service delivery including complaint redressal mechanism</p> <p>RSTA should ensure that the services provided are accessible, effective, reliable and customer friendly.</p> <p>This will ensure that quality services are provided while ensuring a safe and sustainable road transport system in the country. There are opportunities for improvement of</p>	<p>i. Monitoring and evaluation of performance as per Turn Around time (TAT) for range of services and reporting systems must be reinforced. Accountability for underperformance and strategies for improvement must be developed;</p>	<p>Implemented</p> <p>While the framework for fixing individuals during monitoring of service delivery has been developed, the quarterly report of M&E for FY 2022-23 will be verified in the due course of time.</p> <p>In view of the above, the recommendation shall be considered implemented.</p>	<p>May 2022 to May 2022</p>	<p>The RAA observed a lack of monitoring and evaluation reports regarding the performance in meeting TAT for various services offered by BCTA. Additionally, there is a notable absence of established accountability for underperformance and the formulation of improvement strategies.</p> <p>It was brought to the RAA’s attention that the eRaLIS is supposed to manage these aspects by recording individual</p>	<p>Partially Implemented</p> <p>There is a lack of information on the status of this recommendation as the monitoring and evaluation reports were not found for review.</p> <p>Thus, the measures implemented by the BCTA do not appear to address the recommendation. As such, this sub-recommendation is partially implemented.</p> <p>Further Course of Action</p>

Audit Report : Performance Audit Report on Safe and Sustainable Road Transport System AIN : 17636 Date of Issue : 6 th May 2022 Name of Agency(ies) : Department of Surface Transport (DoST), Bhutan Qualification and Professional Certification Authority (BQPCA), Bhutan Construction and Transport Authority(BCTA), City Bus Services Responsible Agency : BCTA No. of Follow-up Audit : 1						
Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
	the various services delivered by the RSTA. Some of the aspects to be considered for initiating improvements are:				details for every conducted activity. However, the necessary records for review were not found within the system.	BCTA should strengthen the monitoring and evaluation of performance in accordance with Turnaround Time (TAT) for various services and establish effective reporting systems. There should be accountability mechanisms for underperformance, along with the development of strategies for improvement.
		ii. Leverage ICT for eRALIS and online payment system and accordingly increase its daily intake of service. In addition, RSTA should look into alternatives where the physical requirement of people to avail services should be minimal once initiated through online platform;	<u>Implemented</u> RSTA reported that a total of 10 services are made online, besides extension of office at Babesa. However, RAA shall verify the improvements in the service delivery in the due course of time.	Continued process	The RAA noted that the following 10 services were made available in the eRaLIS system: 1. Renew registration certificate. 2. Renew Driving License. 3. Renew Learner License. 4. Replace the Registration certificate. 5. Replace Driver License. 6. Replace Learner License. 7. Transfer ownership. 8. Pay fine. 9. New Learner application.	<u>Implemented</u> The digitisation of services has resulted in a decreased TAT for 10 services that are now accessible online through eRaLIS. This has led to an increase in the daily uptake of these services and a reduction in the need for physical presence to avail them. Therefore, this sub-recommendation is considered implemented.

Audit Report : Performance Audit Report on Safe and Sustainable Road Transport System AIN : 17636 Date of Issue : 6 th May 2022 Name of Agency(ies) : Department of Surface Transport (DoST), Bhutan Qualification and Professional Certification Authority (BQPCA), Bhutan Construction and Transport Authority(BCTA), City Bus Services Responsible Agency : BCTA No. of Follow-up Audit : 1						
Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
					10. E-test login. The services mentioned above utilised the RMA payment gateway, which is widely used nationally in Bhutan. Additionally, ERALIS offers the feature of "Payment through application No."	
		iii. System enhancement is required for eRALIS especially the incorporation of input validation in the system and data cleaning;	<u>Implemented</u> The enhancement of eRaLIS system has been noted. However, the system will be verified in the due course of time.		To perform a data input validation test, the RAA initiated a scenario involving the renewal process of a registration certificate. Specifically, the test involved deliberately searching for a vehicle using an incorrect order for the license plate number. Instead of entering the correct sequence (BP-4-A-5445), the RAA intentionally entered sequence of BP-4-HAA (Alpha-numeric-alpha-4 numbers), introducing a deviation from the expected input sequence. As part of the data input validation process, the system identified the incorrect order and flagged it as an "invalid valid number".	<u>Partially Implemented</u> The system can prevent transactions that do not adhere to the established validation rules, reinforcing the importance of thorough data input validation procedures in maintaining the integrity of the system. However, the recommendation will remain partially implemented until the data-cleaning process is completed. <u>Further Course of Action</u> The BCTA should complete the data-cleaning process for all regions to ensure thorough validation and accuracy within the e-RaLIS system.

Audit Report : Performance Audit Report on Safe and Sustainable Road Transport System
AIN : 17636
Date of Issue : 6th May 2022
Name of Agency(ies) : Department of Surface Transport (DoST), Bhutan Qualification and Professional Certification Authority (BQPCA), Bhutan Construction and Transport Authority(BCTA), City Bus Services
Responsible Agency : BCTA
No. of Follow-up Audit : 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
					<p>Furthermore, in the test scenario, an attempt was made to make a payment for the vehicle without undergoing the required physical verification process. As per standard procedure, vehicles must undergo physical verification before payment is accepted. In this case, the system correctly denied the payment request, showcasing that the input validation for the payment process was functioning as intended.</p> <p>Similarly, an invalid CID was also denied and flagged as "number unavailable." Regarding data cleaning, the process was conducted in Paro; however, it was not completed, and the related documents are currently unavailable.</p>	

Audit Report : Performance Audit Report on Safe and Sustainable Road Transport System
AIN : 17636
Date of Issue : 6th May 2022
Name of Agency(ies) : Department of Surface Transport (DoST), Bhutan Qualification and Professional Certification Authority (BQPCA), Bhutan Construction and Transport Authority(BCTA), City Bus Services
Responsible Agency : BCTA
No. of Follow-up Audit : 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
		iv. The forms used for services provided should be available in both Dzongkha and English thereby encouraging the service users to use the services without being dependent;	<u>Partially Implemented</u> BCTA should update on the forms available in both Dzongkha and English.	Date of implementation is by December 2022 and ongoing process	One notable instance is the common usage of the biodata form across various services offered by the organisation. The bio-data form is available in Dzongkha. The biodata form serves as a fundamental document required for multiple services, including ownership transfer, learner license registration, license registration, and vehicle registration. For example, for ownership transfer, the biodata form is a mandatory component, accompanied by the sale deed, CID copy, half photo, and CRST report. Similarly, for vehicle registration, the biodata form is a key requirement, along with supporting documents such as the invoice, challan, and quota letter.	<u>Implemented</u> The biodata form serving as a fundamental document required for multiple services is available in Dzongkha. Thus, this sub-recommendation is considered implemented.

Audit Report : Performance Audit Report on Safe and Sustainable Road Transport System
AIN : 17636
Date of Issue : 6th May 2022
Name of Agency(ies) : Department of Surface Transport (DoST), Bhutan Qualification and Professional Certification Authority (BQPCA), Bhutan Construction and Transport Authority(BCTA), City Bus Services
Responsible Agency : BCTA
No. of Follow-up Audit : 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
		v. Establish Grievance and Redressal System to address grievances of service users and develop strategies for future improvements.	<u>Partially Implemented</u> BCTA should update on the development of online platform for grievance redressal.	Date of implementation is from September 2022 and practiced continuously unless some other options is put in place.	<p>It was noted that as part of the Grievance Redressal platform, a central email address (contactus@bcta.gov.bt) was established to facilitate the resolution of grievances. Complaints submitted through this platform are directed to division heads, Directors, regional heads, and appointed focal persons.</p> <p>Upon reviewing the complaints received via email, it was observed that responses were provided, and fines were imposed as necessary.</p> <p>Furthermore, to enhance accessibility, each bus was equipped with a QR code for passengers to lodge complaints. However, it was observed that not all buses adhered to the proper placement of the QR code.</p> <p>Additionally, the existing system was found to be less</p>	<p><u>Partially Implemented</u></p> <p>Although the current email of receiving complaints via email is effective, it lacks inclusiveness for individuals without an educational background as public transport users comprise of different sections of the population. Therefore, this sub-recommendation is considered partially implemented.</p> <p><u>Further Course of Action</u></p> <p>BCTA should explore alternative inclusive approaches for the grievance redressal platform. Additionally, it is recommended that BCTA mandates all bus owners to affix the provided QR code.</p>

Audit Report : Performance Audit Report on Safe and Sustainable Road Transport System AIN : 17636 Date of Issue : 6 th May 2022 Name of Agency(ies) : Department of Surface Transport (DoST), Bhutan Qualification and Professional Certification Authority (BQPCA), Bhutan Construction and Transport Authority(BCTA), City Bus Services Responsible Agency : BCTA No. of Follow-up Audit : 1						
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					user-friendly for individuals with limited educational backgrounds.	
4.13	<p>There is a need to address the risk of pollutions related to vehicles</p> <p>The growing number of vehicles in the country is fueling concerns about the environment and the impending risks that are imposed needs to be mitigated through various measures. The damage to environment brought about by vehicular emissions needs consideration of the policy makers on priority basis. Some of the areas that need to be focused are:</p>	i. The RSTA in collaboration with NEC should adopt appropriate vehicle emission standards and proper monitoring/ inspection system to regulate compliances;	<p><u>Implemented</u></p> <p>Since NEC and RSTA have adopted the vehicle emission standard EURO VI/BHARAT VI which came into force with effect from January 2022, the recommendation shall be considered implemented. However, proper monitoring and inspection system should be instituted to regulate compliances in future.</p>	Completed by June 2023	<p>The emission standard is formulated and approved by the Department of Environment and Climate Change (DECC) erstwhile, NEC.</p> <p>As per the Environmental Standards, 2020, the vehicles registered after January 2021, the new emission standard set is EURO VI/BHARAT VI and it came into force with effect from January 2022.</p> <p>The BCTA enforces the requirement of EURO VI/BHARAT VI while registering the vehicle. Those vehicles registered before the revision of the emission standards are verified by the vehicle emission testing agents.</p>	<p><u>Implemented</u></p> <p>The emission standard prescribed by DECC is enforced and monitored by BCTA. In view of the action taken, this sub-recommendation is considered implemented.</p>

Audit Report : Performance Audit Report on Safe and Sustainable Road Transport System
AIN : 17636
Date of Issue : 6th May 2022
Name of Agency(ies) : Department of Surface Transport (DoST), Bhutan Qualification and Professional Certification Authority (BQPCA), Bhutan Construction and Transport Authority(BCTA), City Bus Services
Responsible Agency : BCTA
No. of Follow-up Audit : 1

Rec. No.	Main Recommendation	Sub Recommendation	Status of Last Review	Timeline (last review)	Action Taken (Situation found)	Status of Review
		ii. Noise pollution caused by vehicles also has become a concern to both human and wildlife. There is a need to lay down permissible noise level and monitor its compliance on a regular basis.	<u>Partially Implemented</u> BCTA should update on the procurement of noise measurement devices.	The implementation of revised RST Regulations started with effect from 1st July 2022. The standard setting shall be requested from NEC within June 2023. Continue to implement and ensure compliance with the provision of Regulations until the same is repealed or revoked.	The RAA noted that the contract for the supply of vehicle noise measurement devices was awarded to M/s Tharchen Traders on January 20, 2023. Subsequently, 30 units of the device, amounting to Nu. 411,000, were supplied to the BCTA on 18 April 2023. These devices were further distributed to various offices, including Regional Offices, Base Offices, Head Office, and the Traffic Division of the Royal Bhutan Police (RBP) during May and June in 2023. However, there are no monitoring reports or instances of fines imposed for the inspections conducted using the equipment. Only one pictorial evidence of an inspection carried out in Trashiyangtse using the equipment was shared by the BCTA. As such, the list detailing the five fines imposed for excessive	<u>Partially Implemented</u> Until BCTA shares the Monitoring Report of the devices, this sub-recommendation will stand as partially implemented. <u>Further Course of Action</u> The BCTA should share compiled Monitoring Reports submitted by Regional Offices, Base Offices, Head Office, and the Traffic Division for the inspection carried out using the noise measurement devices to ensure the enforcement and its effectiveness.

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					engine noise or unnecessary honking from a medium bus, a taxi and three two-wheelers in the Thimphu and Phuentsholing regions was not from the inspection carried out using the equipment.	
		<p>iii. Abandoned vehicles and machineries along the highways causes obstructions to the drivers and compromise safety concerns. Further, it creates environment hazard in terms of compromising aesthetics of the place and hazardous chemicals emitted by it. The RSTA in collaboration with DoR should enforce its regulation in removing abandoned vehicles and machinery that may compromise the safety of road users.</p>	<p><u>Partially Implemented</u></p> <p>It has been noted that with the merger of the functions of RSTA and DoR into the Department of Surface Transport and the formation of the Bhutan Construction and Transport Authority (BCTA), the enforcement of its regulations in removing abandoned vehicles and machinery is expected for the safety of road users.</p> <p>Meanwhile, BCTA may share the action</p>	Ongoing	<p>It was noted that a Directive was issued vide letter no. DoST/DIR-15/2023-2024/100 dated 6th September 2023 by DoST to all the Regional Offices regarding the regulation of road signages and road safety within Road Right of Way (RRoW) and one of the directives included, to clear all abandoned machines, equipment, and construction materials from the RRoW.</p> <p>Subsequent to the issuance of directives, four ROs, Lobeysa, Samdrup Jongkhar, Trashigang and Trongsa through Maintenance Division have shared the Action Taken Report (ATR).</p>	<p><u>Implemented</u></p> <p>Since the Regional Offices of Department of Surface Transport are clearing the abandoned machines and vehicles lying on the road sides as per the directives of the Department, this sub-recommendation is considered implemented.</p>

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			plans prepared, if any with RAA for future compliance and verification.		On review of the ATR, these ROs have notified the owners to remove the machinery and equipment and in some locations, vehicles have been removed.	



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